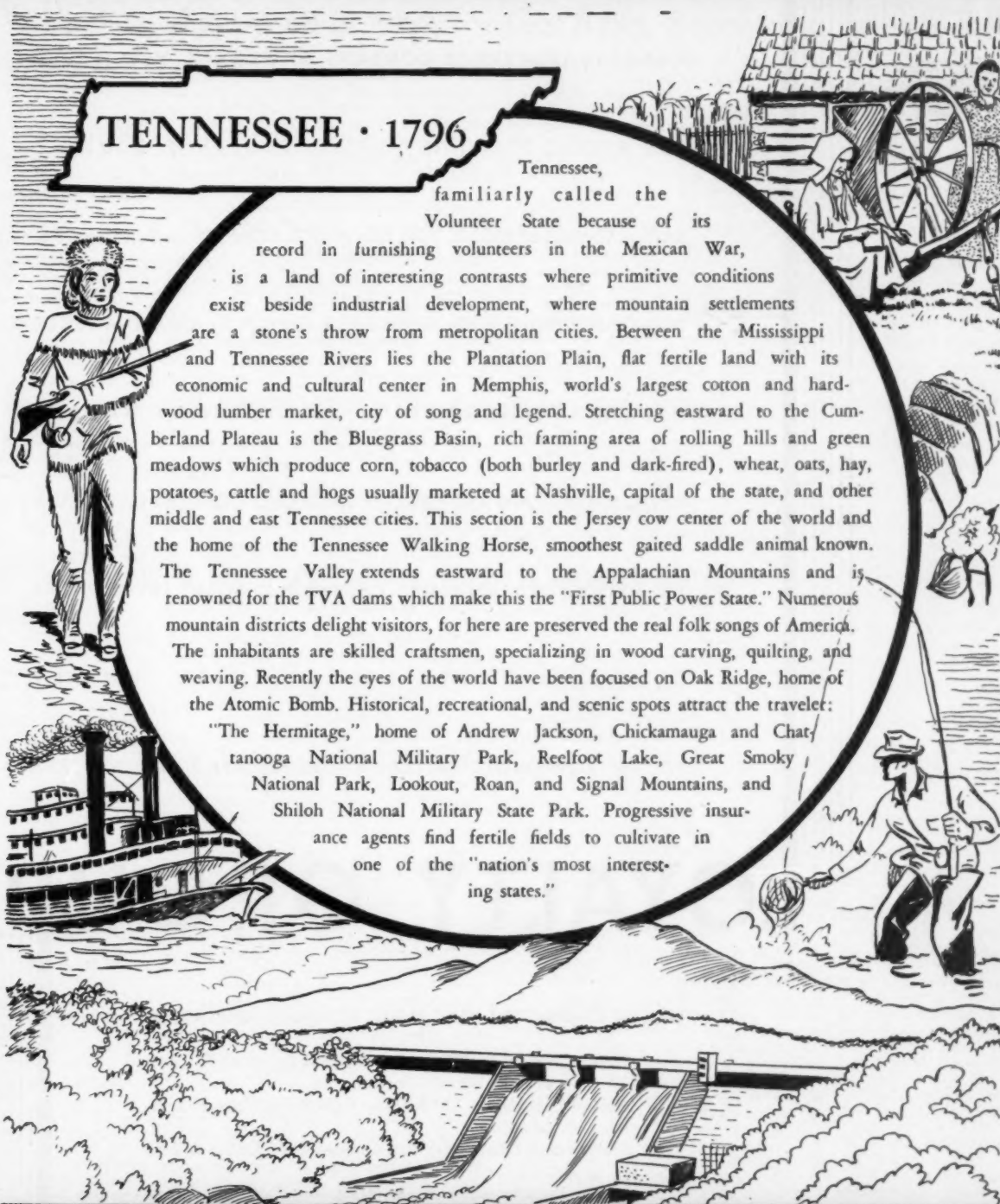


The NATIONAL UNDERWRITER



TENNESSEE • 1796

Tennessee, familiarly called the Volunteer State because of its record in furnishing volunteers in the Mexican War, is a land of interesting contrasts where primitive conditions exist beside industrial development, where mountain settlements are a stone's throw from metropolitan cities. Between the Mississippi and Tennessee Rivers lies the Plantation Plain, flat fertile land with its economic and cultural center in Memphis, world's largest cotton and hard-wood lumber market, city of song and legend. Stretching eastward to the Cumberland Plateau is the Bluegrass Basin, rich farming area of rolling hills and green meadows which produce corn, tobacco (both burley and dark-fired), wheat, oats, hay, potatoes, cattle and hogs usually marketed at Nashville, capital of the state, and other middle and east Tennessee cities. This section is the Jersey cow center of the world and the home of the Tennessee Walking Horse, smoothest gaited saddle animal known. The Tennessee Valley extends eastward to the Appalachian Mountains and is renowned for the TVA dams which make this the "First Public Power State." Numerous mountain districts delight visitors, for here are preserved the real folk songs of America. The inhabitants are skilled craftsmen, specializing in wood carving, quilting, and weaving. Recently the eyes of the world have been focused on Oak Ridge, home of the Atomic Bomb. Historical, recreational, and scenic spots attract the traveler: "The Hermitage," home of Andrew Jackson, Chickamauga and Chattanooga National Military Park, Reelfoot Lake, Great Smoky National Park, Lookout, Roan, and Signal Mountains, and Shiloh National Military State Park. Progressive insurance agents find fertile fields to cultivate in one of the "nation's most interesting states."



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THE NORTH RIVER INSURANCE CO.	Organized 1822	THE BRITISH AMERICA ASSURANCE CO., U. S. Branch	Incorporated 1833
WESTCHESTER FIRE INSURANCE CO.	Organized 1837	SOUTHERN FIRE INSURANCE CO., Durham, N. C.	Incorporated 1923
THE ALLEMANNIA FIRE INSURANCE CO. of Pittsburgh Organized 1868			

WESTERN DEPT. FREEPORT, ILL. PACIFIC DEPT. SAN FRANCISCO SOUTHERN DEPT. ATLANTA ALLEGHENY DEPT. PITTSBURGH CAROLINA DEPT. DURHAM, N. C.

THURSDAY, AUGUST 11, 1949



FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY
ORGANIZED 1855



THE GIRARD FIRE AND MARINE INSURANCE COMPANY
ORGANIZED 1853



NATIONAL-BEN FRANKLIN FIRE INSURANCE COMPANY of Pittsburgh, Pa.
ORGANIZED 1866



THE CONCORDIA FIRE INSURANCE COMPANY OF MILWAUKEE
ORGANIZED 1870



MILWAUKEE MECHANICS' INSURANCE COMPANY
ORGANIZED 1892



ROYAL PLATE GLASS AND GENERAL INSURANCE COMPANY OF CANADA
ORGANIZED 1906



THE METROPOLITAN CASUALTY INSURANCE COMPANY OF NEW YORK
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COMMERCIAL CASUALTY INSURANCE COMPANY
ORGANIZED 1909



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State of R. I. Enters Cal. Arena to Upset Downey Action

**Attorney General Granted
Right to File Brief—
Blasts Cal. Commissioner**

Little Old Rhode Island has entered with a vengeance on the side of its home insurance company the struggle between Commissioner Downey of California and Rhode Island Insurance Co., in the form of a request on the part of the Rhode Island attorney general, that was quickly granted, to file a brief as amicus curiae in the San Francisco appellate court.

The fact that the brief that he will file will be a fighting document is indicated by the supporting affidavit from Commissioner Bisson of Rhode Island, which the attorney general introduced in connection with his request for permission to file a brief.

The attorney general, in making the request, said he is familiar with the questions involved and believes there is necessity for additional argument in the case. He said the brief would be designed to show that the action of Commissioner Downey of California in securing an order for the appointment of a conservator for Rhode Island Ins. Co. in California may have been arbitrary, capricious and prejudicial to the rights of Rhode Island Ins. Co. and its policyholders.

Bisson Gives Views

Mr. Bisson in his affidavit said he is injecting himself reluctantly into the situation. If this were a matter affecting California policyholders alone, he said he would abstain, but that he bears a heavy responsibility to policyholders wherever situated, as well as to agents and stockholders and to commissioners of other states in which Rhode Island is operating.

Mr. Bisson went on to say that he holds no brief for the management of Rhode Island and that he has had his own difficulties with that management and its method of operations. He expressed the belief that changes in policy and personnel that were required by him and by other commissioners have been instituted and observed, and that if the harm that has been suffered by Rhode Island as a result of Mr. Downey's action does not produce the very situation that Mr. Downey complains of, Rhode Island will continue in business and will gradually grow stronger.

There has been no formal action elsewhere, he said, to rescind, suspend, cancel or withdraw the license of Rhode Island.

In the fall and summer of 1948, Mr. Bisson said, the commissioners of Rhode Island, Pennsylvania, Indiana and Colorado cooperated in an investigation of the Rhode Island Ins. Co. setup. To some extent Mr. Downey joined in this undertaking. As a result Rhode Island Ins. Co. was required to make changes in personnel, policies and procedures, and these changes were effected. However, Mr. Downey was not satisfied and pushed for the action that he subsequently took. This suggests that his actions may constitute evidence of arbitrariness, capriciousness or bias, he said.

Such demand as there is for federal investigation and control of insurance is attributable to such cases as this, Mr.

Home and Fire Assn. Fairleigh to Leave Deviation Filings N.A.I.A. to Become Approved in Pa. Ga. Assn. Secretary

HARRISBURG—A 15% downward deviation on certain classes of risks in excepted territory in Pennsylvania has been approved by Commissioner Malone for Home and the Fire Association group. The approval is effective Aug. 3. The reductions are the result of hearings held July 11-12 on the deviation request. They follow the pattern set by

The Middle Department Assn. of Fire Underwriters executive committee was scheduled to meet Thursday in Philadelphia, with the membership meeting on Friday. On the agenda, it is understood, will be voluntary rate reductions in Pennsylvania. If such action is taken, it might have the effect of offsetting the deviations that have been approved.

North America, whose deviation is being contested by a group of 129 insurers headed by America Fore.

Identical deviation requests are pending from Phoenix of Hartford and Chubb & Son.

Home said the reduction is made possible by a saving in its operating costs. Fire Association based its request on savings in operating costs and favorable loss experience.

In both deviations Mr. Malone asserted that the solvency of the companies is not affected by the rate reduction.

In Philadelphia the classes affected are churches and chapels, public buildings, mercantile risks, non-manufacturing risks, and sprinklered non-manufacturing risks.

In suburban Philadelphia, churches and chapels, public buildings, residential properties, farm properties, mercantile and non-manufacturing risks.

Allegheny county residential properties, mercantile risks, and non-manufacturing risks.

Bisson said. Where insurance commissioners, faced with a common problem, adopt different courses of action, the interests of the public are jeopardized. The absence of federal control is a tribute to the efforts of the state supervisors in cooperating and working together so effectively, fairly and consistently with common policy on procedural problems and problems arising in connection with particular companies. N.A.I.C. committees in the past, he said, have functioned successfully in connection with companies complained of or that were in difficulties, citing as an example the recent settlement in the affairs of Mutual Benefit Health & Accident.

Such cooperation, he went on, is absolutely necessary for the protection and equal treatment of policyholders in different jurisdictions. Where, as here, a commissioner does not cooperate, that fact might be deemed evidence of arbitrariness, capriciousness or bias.

Mr. Bisson cited the N.A.I.C. by-laws on the duties of its examinations committee providing procedure agreed to be followed where solvency and stability of a company that operates in a multiplicity of states, is in question.

Mr. Bisson said that Mr. Downey requested in September, 1948, that a special convention examination be conducted of Rhode Island Ins. Co. Mr. Bisson said that he and other commissioners felt that a special and limited examination was in order and this was undertaken. On the basis of that investigation, Mr. Bisson suggested that the regular convention examination that was scheduled for 1949 would be sufficient. Mr. Downey, he said, "apparently agreed" and later named one of his ex-

(CONTINUED ON PAGE 13)

George DuR. Fairleigh, treasurer and assistant secretary of National Assn. of Insurance Agents, has been appointed executive secretary of the Georgia and Atlanta associations. He will resign his present position Oct. 1 to assume his new duties, succeeding William H. Thrasher, who resigned last week.

Mr. Fairleigh has served N.A.I.A. in almost all departments since 1936. He was managing editor and editor of the "American Agency Bulletin," later became assistant secretary, and more recently took on the duties of treasurer also.

A native of Louisville, Mr. Fairleigh took special courses at University of Louisville and Columbia University. He was for 11 years with the "Insurance Field" of Louisville. He left that position in 1936 as assistant secretary.



G. DuR. Fairleigh

S. C. Permits Multiple Line Underwriting

The South Carolina department has issued a ruling permitting multiple line underwriting. Heretofore the department has permitted full cover automobile and aircraft and the personal property floater by casualty companies. Commissioner Murphy's bulletin to companies states that it is now permissible for insurers licensed in the state to issue policies of fire, inland marine, casualty and surety.

The authority is subject to the proviso that the company is authorized under its charter to write the risks for which it seeks authorization in South Carolina. However, the department opposes composite rates and/or premiums in a multiple line policy except for those classes where composite rate and/or premium has been well and long established, as in inland marine lines. Specifically the department opposes a package policy that upsets established rating and auditing procedures. The rates and/or premiums applicable to each coverage are to be indicated in the policy, though no objection will be raised to indicating the total of separate premiums.

Because of limited data on which to base its findings, the department indicates that its authorization for full underwriting powers will be subject to change and modification as additional experience is accumulated.

Start Revision of S.E.U.A. Installment Payment Plan

NEW YORK—The special committee of Southeastern Underwriters Assn. and Manager W. W. Sampson met at the Commodore hotel here two days this week to discuss chiefly an installment payment plan for term business. It is understood that the plan promulgated some weeks ago, to which considerable agency and insurance department opposition was expressed, is being revised. That plan called for equal annual installments, beginning with the first, whereas, it is said, the revised plan would require a full regular annual premium the first year. The committee was not expected to complete its deliberation before Wednesday evening.

C.P.C.U. Circle Is Enlarged by Addition of 106

**Number Receiving
Designation Exceeds Last
Year's Total by 60%**

Trustees of American Institute for Property & Liability Underwriters, at its annual meeting at New York City, awarded the C.P.C.U. designation to 106 persons. Ten additional candidates completed the examinations successfully, but their designations cannot be awarded until they satisfy the insurance experience requirements.

The number receiving the designation reached a new high this year exceeding last year's figure of 66 by more than 60%. This increase may be attributed very largely to the accumulative effects of previous examinations because all excepting five of the new designees had received credit for passing some of the examinations in prior years.

The new designees are distributed among 61 cities in 24 states. California leads the list with 24 new designees, New York has 11, Pennsylvania and Texas eight each, Michigan and Illinois seven each, New Jersey and Ohio six each, Connecticut and Indiana four each, Arkansas and Minnesota three each, Colorado and Tennessee two each. Ten other states had one each.

Examinees Total 1,291

Examinations were conducted in 97 centers located in 39 states, District of Columbia, and Hawaii. There were 1,291 examinees this year contrasted with 764 in 1948. The total number of written examinations increased from 1,449 to 2,194 this year. New candidates totaled 832. In 1948, there were 523.

The national conferment of designations will be made at Dallas Sept. 30 at an all-industry luncheon sponsored by the southwest chapter of Society of Chartered Property Casualty Underwriters. Roger Kenney, insurance editor of "U. S. Investor" will make the address at the conferment which will be conducted as one of the sessions of the annual meeting of Society of C.P.C.U.

Regional presentation meetings will be held under the sponsorship of the various chapters of the society. There will be such services at Chicago Oct. 5; Los Angeles, Oct. 25, and Hartford, Nov. 16. Additional diploma presentation meetings will be arranged.

At the same meeting of the board all officers and trustees whose terms expired were reelected.

Below are listed the names of the new designees, with their insurance identifications and place of residence:

Albright, Dorothy, office manager and underwriter, Lee Durrell & Co., Midland, Tex.; Allen, J. Folger, assistant vice-president United Mutual Fire, San Francisco; Applegate, Frederick S., special agent Indemnity of North America, Rochelle Park, N. J.; Bailey, Julian W., Julian Bailey agency, Los Angeles; Baldwin, Robert F., president B. C. Coleman agency, Yellow Springs, O.; Barker, John M., John B. Barker agency, Buhl, Ida.; Benisch, Abner, broker, Jay & Jay, Newark; Bland, Herbert R., field representative Aetna Casualty, West Hartford, Conn.; Bonnet, Hamilton, agent, San Antonio; Brignardello, Lulu, chief clerk Herman Gruber & Co., Memphis; Brissman, Bernard G.,

(CONTINUED ON PAGE 13)

W. Va. Agents Association Holds Golden Gathering

Chamberlaine Succeeds Keller as President of W. Va. Agents Assn.

By JAMES C. O'CONNOR

WHITE SULPHUR SPRINGS—C. F. L. Chamberlaine, Clarksburg, was elected president of West Virginia Assn. of Insurance Agents at the 50th anniversary meeting here this week, succeeding Arch Keller, Huntington. Edwin Ratcliffe, Beckley, succeeded Mr. Chamberlaine as chairman of the executive committee and is the likely choice for the presidency next year. A. B. C. Bray, Logan, was elected state national director to succeed W. G. Caperton,

Charleston.

New members of the executive committee are F. C. Lazenby, Welch; A. K. Bailey, Montgomery; R. B. Taylor, Bluefield, Robert Satterfield, Louisburg, and Arch Keller, J. T. Crane, Charleston; Silas Wasserman, Huntington; William Barger, Bluefield, and C. W. Brown, Wheeling, were reelected to the executive committee. The important conference committee, which is elective under the West Virginia constitution, consists of R. D. Watts, Beckley, chairman, R. B. Taylor, Bluefield, T. J. Neff, Wheeling, and Mr. Caperton. C. T. McHenry, Charleston, remains as secretary.

With over 150 registered, the West Virginia agents enjoyed their anniversary celebration in the luxurious atmosphere of the Greenbrier and the convention schedule, with morning sessions only for three days, was geared to a pleasant holiday. Their major current problem is automobile rates and this was reflected not only in the report of President Keller, but also in informal discussions throughout the meeting. The National Bureau's June filing, which amounts to a net increase on almost all classes and a substantial increase on commercial vehicles, came when a number of independents filed considerably

(CONTINUED ON PAGE 11)

Forbes Calls Mich. Parley on Expense Reporting Form

LANSING — Commissioner Forbes of Michigan has notified all companies that are licensed in both Michigan and New York that they will be required to use the new expense classification forms in reporting their 1949 business while other insurers will be obliged to conform with the new regulations by 1950 but may utilize the new form for their next reports if they choose.

In order to acquaint the companies with the rules governing the new uniform classification expense reporting, Mr. Forbes has called a meeting at the Detroit-Leland hotel for Sept. 22. At this school of instruction, Thomas C. Morrill, New York deputy superintendent and James J. Higgins, chief of the New York department's uniform accounting division, will be present to help explain the new procedures.

The companies are being urged to prepare questions in advance of the meeting in order to expedite discussion and explanation.

Mr. Forbes and several members of his staff will attend the Detroit session.

Stott Raps Red Cross; Reviews Other Problems

WHITE SULPHUR SPRINGS — In his talk at the 50th anniversary meeting of West Virginia Assn. of Insurance Agents here, John C. Stott, Norwich, N. Y., president National Assn. of Insurance Agents, severely criticized the American Red Cross for its recent actions toward centralizing its insurance. He said it is a shame that such a splendid organization should take a step which is so thoroughly un-American in character, and more so since it depends for support upon Americans in every community and every walk of life.

Mr. Stott also reported that agents face agitation for uniform non-resident agency and brokerage laws. At the recent Seattle meeting of National Assn. of Insurance Commissioners, he said, this question arose and was favorably considered by the commissioners, but they finally agreed to the request of N.A.I.A., supported by National Assn. of Life Underwriters and National Assn. of Mutual Insurance Agents, that the producers' organizations be given time to study the matter. He also said that the installment plan recently suggested in Southeastern Underwriters Assn. territory brings agents close to abolition of term rules, and this would work a tremendous hardship on smaller agencies.

Multiple Location Problem

Pointing out the contribution of N.A.I.A. toward solving the interstate fire rating problem, Mr. Stott said that \$30 million in premiums is going to mutuals, reciprocals and Lloyds because of internal differences and to some extent, personality clashes, between stock fire insurance people and insurance supervisory authorities. The Escott plan, approved by the commissioners at Seattle, is far from perfect, but it does provide a way to write this business. Whether an individual producer has a dollar of premium at stake or not, Mr. Stott said, he should recognize that nothing leaves the door open to the federal trade commission more invitingly than a large class of business for which there is neither a market nor a will to provide a market.

Mr. Stott said that outlawing the acquisition cost conference leaves the business with no commission regulation. The alternatives are federal regulation which no one wants, state regulation, in which agents should demand and have a voice, and the present absence of regulation which will leave the business wide open to a commission war. He reiterated his previous position that if the right of private contract is to be preserved, no unilateral action should be permitted and commissions should neither be raised nor lowered without consultation and agreement. He closed his talk with an appeal to all agents to fight the threat of socialization of business and especially insurance.

Bleakley to Be Counsel

NEW YORK—Paul Bleakley, Youkers attorney, will be appointed counsel to the New York state legislative committee on insurance rates and regulation at its next session, it is understood. Mr. Bleakley will succeed Gilbert Pedersen, who was counsel during the tenure as committee head of Senator Walter J. Mahoney, Buffalo. Mr. Mahoney is stepping up to head the finance committee. Senator William F. Condon, who became chairman of the insurance committee, was the co-author of the Mailler-Condon bill, the state's non-occupational disability benefits statute.

Beyersdorf Named by Aetna

Aetna Fire has appointed Curtis A. Beyersdorf as superintendent of agents for southern Idaho and Utah with headquarters in the Sun building, Boise.

it's the COMEBACK that counts!

YOUR VERBAL COMEBACK, THAT IS, WHEN A QUICK-WITTED STOREKEEPER POSES THIS QUESTION—

"As a proprietor of a small retail shoe store I fit a pair of shoes to a customer. A few days later my customer returns, complaining his feet have been injured by the shoes. Would my Storekeeper's Liability policy provide protection against such a claim?"



COULD YOU ANSWER HIS QUESTION?

It's a ticklish question—one you may have to answer even more frequently than you thought possible. Regardless of the type of storekeeper you approach, confusion about the principle illustrated above can wipe out business you don't want to lose. Royal-Liverpool Group agents know they can count on the Group's production and underwriting forces for information and assistance in developing the many opportunities that await them to sell this profitable line of insurance.

Answer to the quoted question is contained in the Group's current issue of "True or False." Your copy is available on request to our Advertising Department.

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Life Agents May Get OASI; Confusion For Other Agents

WASHINGTON — What looked to property agents last week like a victory in excluding them from old-age and survivors insurance under a house ways and means committee definition of "employee" in new social security legislation may turn out disappointing.

However, life interests, through National Assn. of Life Underwriters, are reportedly strongly supporting inclusion of life agents under OASI, as provided in the definition.

Fear of other agents' disappointment arises from analysis of the definition and reports of committee action on other provisions of the social security bill, text of which has not yet been released.

Property agents' representatives say the committee intent was to exempt them, but the definition of "employee" is now described as "ambiguous." They point to paragraph 3 of the definition, which sets up six standards, any one of which can be used, it is said, to determine whether an individual worker is an employee or self-employed. These standards are described as very similar to those in a proposed Treasury department regulation about two years ago, which would have resulted in including the bulk of life agents and insurance salesmen under OASI. Congress stopped that, however, by passing the Gearhart act, which the new social security bill would repeal.

Minority Report Expected

While the committee vote on the whole definition of "employee" was 15 to 10, divided along party lines, the vote on adopting paragraph 3 thereof was reported as 13 to 12.

A fight is indicated over this paragraph, with Republican ways and means members planning a minority report based in part on the common law definition of "employee."

The minority reportedly plans support for legislation somewhat along the line of the majority bill, except for elimination of paragraph 3, above referred to, which would mean a return to

the Gearhart act, and elimination of disability payments on the ground that this subject should have further study. In this fight, Republican members reportedly plan to utilize as an example the case of the independent property agent.

"Certain self-employed persons" proposed to come under OASI in 1951, in the committee bill, would be subject to

3% tax, according to report. Employees would be subject to only 2% tax that year. Leaders of the fight for property agents' exemption from OASI fear this tax differential might cause some of them, particularly in small towns, to prefer status of employees and OASI coverage.

If courts or government agencies should hold with such agents it might lead to destruction of the agency system, its representatives fear. It is pointed out that if an agent is an employee, his company then owns his business.

Professional workers, farmers and farm labor would be exempt from

OASI under the committee bill, as would some domestic employees. Instead of adding from 20,000,000 to 25,000,000 workers to OASI coverage, as President Truman recommended, the bill would increase the present covered from 35,000,000 by 11,000,000, making a total of 46,000,000.

The committee proposes to apply the social security taxes on the first \$3,600 of a worker's income, instead of \$3,000 as at present. With OASI tax already scheduled to advance to 1½% each on employer and employee next January and to 2% in 1952, a tentative decision of the committee is that the rate should go to 2½% in 1960 and 3% in 1955.

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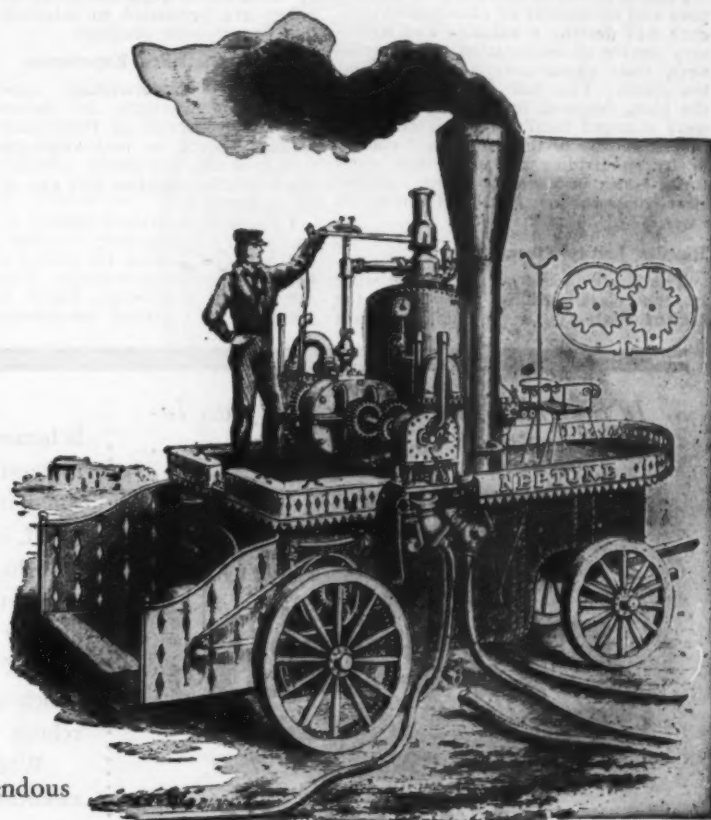
losses make this subject more vital than ever.

It's your responsibility — and ours —

to fight against wasteful losses.

We urge your wholehearted cooperation

with Fire Prevention officials in your town.



Introduce "Visual-Sealed" Policy Container

Uniform Printing & Supply has brought out a new visual-sealed policy container designed to replace the old-fashioned "policy pad" form of binding.

The container offers a number of advantages over the old method. Policies can be delivered to agents or divisional offices in a sealed package protecting against dirt, dust and pilferage while stored. The agent's policy typist can ascertain immediately by looking through the cellophane windows the company name, the starting policy number and the next policy number. The policy title and last number are visible through the back window.

Each policy set can easily be removed from the package and there is no danger of tearing, which sometimes happens in removing from the old-style pad. When a specified quantity of loose memos of insurance, certificates or extra dailies are desired, they can be placed underneath the first numbered policy in each package where the typist will promptly find them.

The new container is designed to hold 25 policy sets. It will be available for all uniform standard policies, the long and short form of fire, automobile, inland marine and casualty.

Mo. Mutuals Form Reinsurer

Missouri State Reinsurance Corp. of Kansas City has been formed by Community Mutual, Rialto Mutual, Universal Mutual, Paramount Mutual, Guaranty Mutual, Midland Mutual, Mercury Mutual, Citizens Mutual and Mutual Indemnity.

Here's the Silby Steam Engine — named the "NEPTUNE,"

perhaps because she looked like a Mississippi steamboat.

But at the Crystal Palace in New York City in 1856

she threw four streams over 200 feet, and six streams

150 feet each, with a pressure of 60 lbs.

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Every Type of Property Insurance for Industry and the Home.

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National Board Would Maintain Loss Classifications

NEW YORK—In a statement of the principles and purposes of its classification of fire loss statistics, the National Board makes a plea for maintaining classified underwriting experience on as broad a base as possible. It would be unfortunate if individual state or sectional action were to spoil the pattern that has been set, according to the board.

Failure to recognize the proper purpose and limitations of classified experience will destroy a valuable and necessary source of information to the business, state supervisory authorities and the public. This will be the result if the plan, designed for countrywide use, were changed locally by reclassification or subdivision of the established classes or by subdividing the state into territorial zones in attempts to have statistical support for local differences in rates.

Results Justify Observance

The board points out that observance of the classifications throughout the United States is in the public interest

and the results are of value to the state insurance supervisors as well as to the fire business.

The present standard classification was approved by National Assn. of Insurance Commissioners in 1946 and the actuarial bureau of the board began compiling data under it Jan. 1, 1947. Twenty-six classes of keeping fire loss statistics are replaced by 115. The actuarial bureau committee urges the business and the supervisory authorities to avoid departures from the classification, which provides a nation-wide basis that can be supported as a competent instrument and the results will furnish a basis for statistical purposes that cannot be secured if separate state requirements are permitted to interfere with this countrywide program.

Value of Classified Experience

Classified underwriting experience assists underwriters in determining lines to be carried by their companies; rating experts in reviewing past experiences and the public through making available statistics that can be readily understood.

Classified experience figures at most can only tell the story of that which has happened during the period covered by such experience statistics. They cannot foretell the future. Taken in conjunction with careful consideration of

economic trends, social conditions, new processes and inventions, they can be of value in attempting to predict what may occur during the immediate future from the standpoint of loss experience.

Fights Cut Rate Sales

SAN FRANCISCO — Insurance Brokers Exchange of California, reporting that it is receiving more and more complaints against some companies it is claimed are selling insurance at cost to friends and relatives of employees, has started a campaign to halt the practice.

While the situation is not as it was years ago—because of present laws—the exchange indicates that within comparatively recent times, the practice has been resumed by "certain companies."

The exchange points to the California law which prohibits companies to write business in this manner "knowingly" or for an insured to accept such a deal. It requests all members to obtain supportable facts and report them.

Guy M. Cox, prominent local agent of Iron River, Mich., was elected Michigan national committeeman of the American Legion at the state convention at Detroit, winning a contest over two opponents. He served as president of Michigan Assn. of Insurance Agents in 1940-41 and is a past department commander of the American Legion.

Alteration Issue Is Resolved in Favor of Assured

The question of whether certain work being done on the premises of the insured constituted structural alteration so as to nullify the protection of an O.L. & T. policy, or whether it was merely an ordinary piece of repair work for which no written permit was required, was resolved against the insurer by the Colorado federal court in *Frazier vs. Hawkeye Casualty*. The property insured, belonging to Mrs. Frazier, was an apartment house at 311 West 8th street, Pueblo.

On Jan. 22, 1945, Eva H. Edwards, a tenant, was injured in a fall on an icy sidewalk on the premises. She recovered \$4,935 against Mrs. Frazier and Hawkeye Casualty denied liability on the ground that premises were undergoing structural alterations and that no permit had been secured in connection with the policy.

Mrs. Frazier entered into an oral contract with a contractor to install a new asbestos roof and asbestos shingles on the siding, to remove a downspout and put up a new one, to remove a wooden porch and replace it with a concrete slab, and to change some windows, among other things. In the course of the work the downspout was removed and not replaced and water dripping caused ice to form which, in turn, caused the accident suffered by Mrs. Edwards. There was testimony that the downspout was "terribly decayed" and had to be replaced, and that the downspout was "full of old, rusty holes." The court said that replacing a decayed spout with a new one is a repair job and not an alteration.

Hawkeye Casualty conceded that the taking down of the downspout, "if that was the only act that had been done," would probably not be a substantial alteration. However, Hawkeye insisted that the act of taking down the downspout was part of many other acts going into the structural alteration. The court said it cannot agree that the simple removal of a decayed part can be "tortured into a work of alteration." Judgment was given for Mrs. Frazier plus interest for the \$5,000 limit of the policy.

Loss Men in West Get Respite from Wind Losses

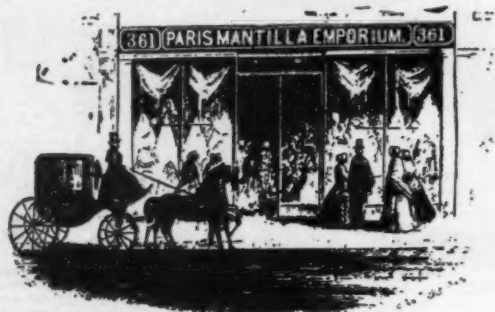
The loss departments in the west have gotten through the major part of the summer more comfortably than in a decade or more, due to the lack of heavy windstorms. The storms this year came very early in the season, but in June and July the wind damage in the middle-west fell far below what has come to be expectations. For a decade or more the summer season for the loss departments in the west has been pretty much of a nightmare. They have had to work overtime and get along with inexperienced help in the emergency. This summer, however, the departments have been caught up right along and some of them have had difficulty even keeping the staff busy all the time. For the year to date, the total windstorm losses in the middle-west are well below last year, which was a very severe one and they are also below the average for the past several years.

Canadian Hail Writings Off

EDMONTON, ALTA.—Due to the severe drought in western Canada earlier in the season, it is estimated that hail insurance has only been 65% of normal. However, there has been a proportionate reduction in claims.

The drought was so severe that a number of farmers discontinued hail insurance altogether in Saskatchewan. There have been cancellations in Alberta, but not on such a scale as in Saskatchewan.

Is the Insurance Agency really an Insurance Store?



THE AGENCY'S SHOW-WINDOW

How can the Agent
make his Show-
Window work for him?

The retail merchant uses his show-window to display his wares and thus to attract the public into his store.

Of course, it's a bit difficult for the agent to display the products which he sells. Yet his window, too, can be used to attract the public to his insurance "store."

The one thing everybody is interested in

is himself, so your show-window will be most attractive if what you put into it is of personal interest to the people who look at it.

If, in addition, what you have in the window has a bearing on the insurance business—you have a winning combination. A display of fire extinguishers with an explanation of their use is a sample of something which might interest people and which also relates very closely to insurance.

Whether we are "merchandising" commodities or insurance, our advertising is best when spelled with a "U" and not with an "I."



OHIO FARMERS INDEMNITY COMPANY



THE INSURANCE AGENT IS A GOOD MAN TO KNOW

Arkansas Seminar Presents Valuable Points for Agents

FAYETTEVILLE, ARK.—The University of Arkansas insurance seminar, five-day short course sponsored by Arkansas Assn. of Insurance Agents, Arkansas Fieldmen's Club and Arkansas Casualty Assn. in conjunction with the college of business administration, attracted 85 students from both company and agency ranks. This year's course had four major themes: Insurance sell-

Forms" was given by James Williams, Memphis manager of Remington-Rand.

How to preserve the value of an agency as a capital asset, whether a proprietorship, partnership or corporation, was the subject of two lectures by Edward L. Wright, Little Rock insurance attorney.

Robert N. Gilmore, attorney of Assn.

of Casualty & Surety Companies, gave two lectures on some of the present day trends threatening insurance as a private institution and the development of state regulatory control and rate supervision. Things he suggested to help counteract the pressure for government control included: Keep informed of all major issues which affect all insurance in the long run; don't be afraid to present views as insurance people to a legislative body because legislators must depend upon the views expressed to them; always have a good public interest argument when presenting your views; always be prepared with a counterpro-

posal; tell the public about the insurance business, that there's nothing mysterious about it.

Commissioner Graves said his department has an interest in insurance education because of the new qualification law for agents and the educational requirements which the department has had to prescribe. The first agents' examination was held at Little Rock July 30 with 11 applicants. Six made a passing grade of 70% and five failed.

Evening parties were given by Arkansas Assn. of Insurance Agents, Arkansas Fieldmen's Club and Southwest Casualty of Fayetteville.



L. E. Falls



Earl C. Trefry

ing, agency management, insurance education, and public relations.

Gene Flack, director of advertising Sunshine Biscuit Co., cited 15 points of "strength and soundness" of the American economy. These 15 points of economic soundness are a challenge to the sales forces of this country, he said. "During the war, we forgot how to sell," Mr. Flack stated.

Lowell C. Yoder, professor of marketing, University of Arkansas, gave an analysis of the requirements of successful insurance marketing. He discussed sales organization, selection of personnel, training of employees, and control of a sales organization.

Trefry on Survey Selling

Earl C. Trefry, agency department of Employers group, in a discussion of "Survey Selling" urged agents to sell the assured what the policy does not cover as well as what it does. He said the four requisites for a qualified prospect are: Does he have a genuine need for the coverage? Is he eligible from an underwriting standpoint? Can he pay and can you talk to him? He distributed survey selling forms and then took seminar students through several actual sales examples with all students participating. He said a canned sales talk is no good "except for the fellow who wrote it," emphasizing the need for every agent to plan his own sales approach.

Local Agency Problems

Hal Gullidge of Highfill, Gullidge & Terry, Dallas, outlined specific local agency production procedures and problems in direct mail advertising, the use of monthly agency bulletins to assured, making surveys for clients, combating competition from non-stock agents and the necessity for having a competent office staff also attuned to insurance production. He illustrated his points from the experience of his own agency. An important factor in agency production is keeping up with rating laws and procedures and participating actively in community civic organizations, he said.

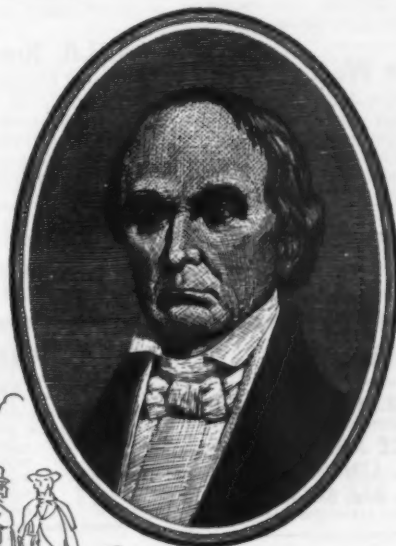
Laurence E. Falls, Insurance Institute of America, analyzed the field of insurance instruction from the standpoints of its objectives, its methods, and its material. He stressed the teaching of insurance fundamentals and principles upon which to superimpose specialized training in the various contracts, coverages and procedures.

Bank and Agent Auto Plan

In a second lecture Mr. Falls traced the origin and development of the "bank and agent auto plan," discussed its purposes and practical problems involved in its successful use by agents. A lively forum discussion followed.

An appraisal of "Insurance Agency Office Management, Systems and

Daniel Webster
on June 3, 1834 said...



"God grants liberty only to those who love it, and are always willing to guard and defend it"

IN less than two hundred years, an energetic, resourceful people, working together in a free economy and guided by a government of their own choosing, have built the American way of life... a life so abundant as to be beyond the conception of most of mankind.

A "freedom train" full of historical documents is no guarantee that this way of life will be passed on to our children... that is our responsibility. The future of America can only be secured if we re-affirm the beliefs of our forefathers—that real security and self-reliance are inseparable.



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H. S. Hays Slated to Head Oregon Agents Association

The nominating committee of Oregon Assn. of Insurance Agents, headed by Merrill D. Ohling, Salem, has announced the slate recommended for election at the convention at Portland Sept. 1-3.

Harold S. Hays of Pownall, Taylor & Hays, Portland, now chairman of the executive committee, has been nominated for president; Charles Huggins, Salem, a member of the executive committee for a number of years, for chairman of that committee, and J. Don Smith, Eugene, retiring president, for state national director to succeed Sprague H. Carter, Pendleton.

Brady Heads W. Va. Pond

Parker H. Brady, Home, is the new most loyal gander of West Virginia Blue Goose. Other officers elected at the annual meeting were: Supervisor, Eugene Mac Shane, Aetna Fire; cus-

todian, Walter Jennings, Providence Washington; guardian, D. T. Fuller, General Adjustment Bureau; keeper, Ralph Doolittle, Jr., and welder, J. M. Altman, Ohio Farmers.

To Review Escott Plan Poll

NEW YORK—The governing committee of New York Fire Insurance Rating Organization was scheduled to meet Aug. 10 to go into results of the poll taken by the organization among its 250 members on the Escott plan for rating multiple location risks. Tabulation of the final vote is not complete, but returns are said to be running in about three to one in favor.

N.A.U.A. Rate Revision Filed

National Automobile Underwriters Assn. revision of fire, theft and collision rates has been filed with the New York department. The annual revision of auto casualty rates has been approved and will be announced Aug. 15.

Tex. Calls Hearing on P.P.F. Declarations Change

The Texas department has called a hearing for Sept. 1 on the revision of the declarations of assured in the personal property floater that is being made effective countrywide as to new business Oct. 1.

Company underwriters hope that this revision, which increases the number of classifications of property for which valuations must be stated will bring about an improvement in insurance to value under the P.P.F. It will require the assured to be specific and it will be harder to fudge on values.

Brunke Rejoins Western

E. R. Brunke, former assistant Cook county manager of Western Adjustment, has returned to that concern after operating his own independent office for the last six months.

Mr. Brunke has had 20 years adjust-

ing experience on all kinds of loss assignments. He will be attached to the Cook county branch as senior adjuster. His assignments will be on important losses and associated with other Cook county offices on unusual claims.

Screen Applicants for N.A.I.C. Securities Post

Representatives of the valuation of securities committee of National Assn. of Insurance Commissioners have about completed screening applicants for the positions of senior securities analyst. Some 60 applicants for the positions appeared after the original advertisements that the positions were open, only a few of whom had life company investment background. The approved applicants will be interviewed by the N.A.I.C. subcommittee, probably during September, after which the committee expects to begin its expanded operations.

No action has been taken on the appointment of the \$20,000 a year top man for the expanded bureau office in New York City. The enabling legislation involving a \$250,000 assessment against life companies has now been approved in New York, Pennsylvania, New Jersey and Connecticut, with Massachusetts understood ready to take final action.

Slate Oct. 24-25 for Illinois Agents 50th Annual Meeting

Illinois Assn. of Insurance Agents will hold its 50th annual meeting at the Pere Marquette hotel, Peoria, Oct. 24-25. The directors will meet Oct. 23.

Haveson Minnesota Deputy

ST. PAUL—Commissioner Harris has appointed Joseph Haveson deputy commissioner to succeed Donald C. Rogers, who resigned several months ago to join the staff of the attorney general.

Mr. Haveson is a veteran employee of the department, having been an examiner for 23 years. He is now serving under his fifth commissioner.

Sprinkler Changes OK'd

The revised sprinkler leakage manual, that was reviewed extensively in the July 7 NATIONAL UNDERWRITER, has now been approved in all of the Western Actuarial Bureau states except Missouri, the mountain territory and Wisconsin.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. LaSalle St., Chicago, Aug. 8, 1949

	Div.	Bid	Asked
Aetna Casualty	3.00	82 1/2	85 1/2
Aetna Fire	2.00	57	58 1/2
Aetna Life	2.50	60	62
American Alliance	1.10	23	24
American Auto	1.60	45	46 1/2
American Casualty .....	.80	12	13
American (N. J.) .....	.90	19	20
American Surety	2.50	58	61
Boston	2.40	63 1/2	65
Camden Fire	1.00	20 1/2	21 1/2
Continental Casualty	2.00	54	55 1/2
Fire Association	2.50	62 1/2	64
Fireman's Fund	2.60	83	85
Firemen's (N. J.) .....	.50	17 1/2	18 1/2
Glens Falls	2.00	49	51
Globe & Republic .....	.50	10	11
Great Amer. Fire	1.30	33 1/2	34 1/2
Hanover Fire	1.40	32	33 1/2
Hartford Fire	2.50	130	132 1/2
Home (N. Y.)	1.40	30 1/2	31 1/2
Ins. Co. of North Am.	3.50	106	108
Maryland Casualty .....	.50	15	16
Mass. Bonding	1.60	27	28 1/2
Merchants Fire, N. Y.	1.15	28	29
National Casualty	1.45	27	28
National Fire	2.00	53 1/2	55
New Amsterdam Cas.	1.20	33 1/2	35
New Hampshire	2.00	43	44 1/2
North River	1.20	26	27
Ohio Casualty	1.20	51	53 1/2
Phoenix, Conn.	2.00	85	88
Preferred Accident		3 1/4	4
Prov. Wash.	1.40	34	35 1/2
St. Paul F. & M.	2.25	87	89
Security, Conn.	1.40	34 1/2	35 1/2
Springfield F. & M.	1.90	46 1/2	48
Standard Accident	1.45	35 1/2	38
Travelers	22.00	700	710
U. S. F. & G.	2.00	54	56
U. S. Fire	2.00	59	61

*Includes extras.

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402 Congress Bldg., Telephone 9-6448

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— Decatur — East St. Louis
— Marion — Mt. Carmel — Peoria

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Third and Main Bldg., Evansville 8, Indiana
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Branch office: 428 1/2 Broadway, Paducah, Ky.

INDIANA ADJUSTMENT COMPANY, INC.
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Each city, town and hamlet covered
On request will furnish our statewide Coverage Guide showing all towns and offices covering them.

INSURANCE CLAIM SERVICE
Chanticleer Building, 24 North 4th Street
Terre Haute, Indiana
Phone 8258
22 years experience, operating in eastern Illinois and western Indiana.
Legal personnel, all types of claims and losses.

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All Lines of Automobile, Casualty and Inland Marine
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505 Metropolitan Building
4-3648
FLINT 3, MICHIGAN

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LANSING 7
Phone 21687-8
H. C. Cunningham, Mgr.
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Kalamazoo Grand Rapids
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INSURANCE ADJUSTERS
City National Bank Building
Phone Jackson 6384
Omaha, Nebraska
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Lincoln, Nebraska
Grand Island, Nebraska
North Platte, Nebraska
Scottsbluff, Nebraska
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WAGNER, AND GLIDDEN, INC
TOPLIS AND HARDING, INC
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OHIO

BALL-VAN PATER, INC.
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1283 Citizens Building
Cleveland 14, Ohio
Phone: Superior 7550

THOMAS D. GEMERCHAK

Insurance Adjustments
All Lines
226 Great Lakes Life Bldg., Cleveland 14, Ohio
Phone: OF. Su. 2888 — Res. Fa. 9462

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CLAIM SERVICE, INC.
R. L. Pendergast, General Manager
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All types of Casualty and Automobile Claims—
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53 1/2	55
33 1/2	35
43	44 1/2
26	27
51	Bid
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3 1/2	4
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37	38
34 1/2	35 1/2
46 1/2	48
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Wind, Not Water, Did It, Court Holds

The U. S. fifth circuit court of appeals has declined to disturb a jury verdict giving judgment for the assured that lost property on the waterfront at Biloxi, Miss., in the hurricane of Sept. 19, 1947, the issue being whether the loss was due solely to high water, or by the direct and sole action of the wind before the water was high and rough enough to contribute to the destruction. The case was Home vs. Sherrill. The building was insured for \$7,500 and that was the amount of the loss. Mrs. H. V. Sherrill was the assured.

Home contended that it was error for the lower court to refuse to direct a verdict for Home on the ground that the evidence demanded a conclusion that the destruction of the building was due solely to high water, whether driven by the wind or not, or by the combined force of wind and waters; and that the high water was at least a contributing cause, and there was no evidence as to how much of the damage was due to the water.

Evidence in Conflict

The higher court remarked that the evidence is in conflict, coming from a number of witnesses.

Mrs. Sherrill testified that she was in the hotel across the street from the property in the early morning of the storm while the wind was from the east, and before it shifted to the south and raised great waves which came over the seawall. The water was already high though not rough, and had reached the floor of her building which was a large one-story frame structure. She said she saw the roof blow off and away, and then the walls collapsed and the building was wrecked before the water rose to the window sills or the waves began to beat.

The night watchman who was in the building testified that the building began to shake, then the back wall blew off and part of the roof, and he crossed the street to the hotel wading through water but that the floor of the building he had left was still dry. Within 10 minutes after that, he said the main roof was carried away by the wind, the walls collapsed and the building fell in ruins. He testified the wind blew it down and the water had then dashed against it.

Home had many photographs made and measurements taken of the height reached by the still water and the waves, tending to show the force of and destruction by both water and wind. The trial judge held that it was a question of fact whether the building was destroyed by the direct and sole action of the wind before the water was high enough and rough enough to contribute thereto. The higher court said it would not split hairs as to whether the water, rather than the wind, did some minor damage to the debris after the building collapsed, as to the amount of which there was no evidence. The trial agreement invited a contest for \$7,500, all or none, and the case was tried that way.

Doane to Staats-Blair

HUNTINGTON, W. VA. — R. E. Doane, who has been a partner in the Hudson & Doane agency at Bluefield, has become affiliated with the Staats-Blair agency here.

A native of Newark, O., Mr. Doane came to West Virginia after serving as a glider pilot during the war. Before the formation of the Hudson & Doane agency he was with the Flat Top agency at Bluefield.

Reppert to Newell Co.

George C. Newell Co., Seattle general agency, has appointed R. W. Reppert manager of the casualty department. Mr. Reppert has been with the John S. Day enterprises at Medford, Ore., for the past year.

In 1931 he joined the Aetna Life group at the home office and worked in

various departments. In 1934 he went to Seattle as fire special agent covering Washington, Oregon, Idaho and Montana.

In 1938 he became Oregon manager of United Pacific and in 1943 went with American-Associated as assistant manager, first at Portland and later at Seattle.

New Oklahoma Setup for Coming Year Outlined

The program of action, plans and objectives sponsored by President Dave R. McKown of Oklahoma Assn. of Insurance Agents will be set in motion as soon after the close of the vacation period as possible. Mr. McKown appointed his vice-president H. T. Moran, as general chairman of the nine districts into which the state is being divided. District chairmen, wherever possible, will be members of the executive committee.

They are: District 1, Philip H. Viles, Claremore; 2, Floyd J. Powell, Tulsa; 3, Mason Touchstone, Broken Bow; 4, Vernon Stark, Stillwater; 5, W. C. Goudy, Shawnee; 6, B. Wayne Donihoo, Pauls Valley; 7, Kent W. John-

son, Alva; 9, J. C. Kennedy, Lawton. Association activities will be resumed at a meeting at Ardmore Sept. 16.

Cousins Gets Commerce

Commerce has appointed William H. Cousins of Corpus Christi as its general agent for southwest Texas for all lines. Mr. Cousins is a former partner of the Frank Sparks Co. and has purchased that general agency following the death of Mr. Sparks.

Los Angeles Forum Elects

LOS ANGELES—Insurance Forum of Los Angeles has elected as president John S. Bolton, insurance attorney; vice-president, Stanley J. Higgins, Excess Underwriters; secretary, John C. Sutherland, Allied Compensation.

W. E. Dobbs Advanced

Cotton Insurance Assn. has promoted W. E. Dobbs of Dallas to executive state agent, his headquarters to remain in Dallas.

He has been with the association since 1923. After a few years in the Atlanta office, he went to Mississippi

as special agent, then to Dallas in 1941 as state agent in charge of Texas.

Olympia Gets Better Rating

Olympia, Wash., has been changed from class 5 to class 4 following a survey by Washington Surveying & Rating Bureau. It is expected that fire insurance rates will be lowered about 15% later this year.

T. J. Bryan, Jr., Advanced

ATLANTA—T. J. Bryan, Jr., has been named assistant manager of Cotton Insurance Assn. He has been with the organization since 1929 and has served in all departments.

Christine Pauley Expands

Christine Pauley has purchased the insurance business of the late Porter Martin at Springfield, Mo. She has been in the local agency business there for a number of years and will continue the office in the Landers building.

Chester R. Boylan has sold his interest in the Boylan-Ferguson agency at Steubenville, O., to his partner, Edward Ferguson, Jr.



THE BUSINESS OF FIRE!

Fighting blazing infernos like this one is the *business* of the fireman. Although such dangers are a regular part of his life, his casualty rate is surprisingly low. The point is he calculates his risks and takes precautions.

But every day thousands of people, policy holders and prospective clients, take chances with fire unknowingly. Since they are not even aware of the dangers they face, they cannot take precautions.

Pearl American believes the agent in his daily contact with owners can perform an outstanding public service by using his practical knowledge of fire prevention to reduce the burning rate of our country's property.

PEARL AMERICAN

HOME OFFICE: 19 RECTOR STREET, NEW YORK 6, N. Y.

CLEVELAND, 313 Bulkley Bldg.
PHILADELPHIA, 525 Chestnut St.

SAN FRANCISCO, 369 Pine St.
NEW YORK, 26 Cliff St.

CINCINNATI, 1423-24 Carew Tower
CHICAGO, 175 W. Jackson Blvd.

Regional Meetings Set for California Agents

California Assn. of Insurance Agents will hold 24 regional meetings this fall, the first starting Aug. 29.

As usual the state will be divided into three parts with an officer being the principal speaker at each meeting.

In southern California, where the first meeting will be held, the principal speaker will be A. E. Shepperd, president. He will be accompanied by E. E. Hayden, executive secretary, and a director from the district being covered. Mr. Shepperd will appear before eight meetings between Aug. 28 and Sept. 1.

Northern California meetings will be addressed by Harold E. Barnhart, vice-president. With him will be a district director and W. F. Williams, assistant executive secretary. He will handle six meetings between Aug. 29 and Sept. 1. The central California meetings start

Sept. 12 with Lorrin K. Carroll, secretary-treasurer the principal speaker. With him will be either Mr. Hayden or Mr. Williams and a director.

At all the meetings the principal topics to be discussed include new legislation, the annual convention in November and a resume of organization activities including the outstanding safety organization program.

No Insurance in Ecuador

So far as can be learned, there was no American insurance involved in the earthquakes in Ecuador. Ecuador has a bad history on earthquakes. Also, the area struck was well away from the capital city of Quito, where most of the business written by American companies is assumed to be concentrated. It is not likely that there was much if any American property, personal or otherwise, which might have been lost in the earthquake.

Prepare for Minn. Rally at Duluth



The entertainment committee at Duluth for the annual convention of Minnesota Assn. of Insurance Agents there Sept. 30-Oct. 1 is shown above. Top row from the left are John D. MacArthur of Marsh & McLennan, president of Duluth Underwriters Assn.; George W. Blomgren, Minneapolis, secretary Minnesota Assn. of Insurance Agents; George W. Detert, executive secretary Duluth association. In the bottom row are Paul Otis, Jr., Marsh & McLennan; Bob McGee, Jr., Marsh & McLennan; Bob Ledingham of R. G. Ledingham Co., chairman of the committee; Jesse D. Bradley, MacGregor-Bradley Co., Duluth, president of Minnesota association, and Jim Fisher of Dunning & Dunning.

Up Wis. Compensation Rate

As the result of recent amendments to the Wisconsin statutes which liberalize benefits under the workmen's compensation act, Commissioner Lange has approved a 7.6% rate increase. Pending calculation of the new rates, companies are attaching endorsements making provision for the increase on new and renewed policies from the effective date.

Benefit changes enacted by the legislature were increasing the basic wage on which compensation is figured from \$40 to \$46.50, weekly compensation maximum from \$28 to \$32.55, maximum death benefit from \$8,000 to \$9,300, higher disability benefits, and a new section providing rehabilitation benefits for injured workmen.

Ore. Surplus Line Warning

Commissioner Taylor has warned Oregon surplus line agents that fire business placed in unauthorized carriers must be written at either the tariff or published rates of Oregon Insurance Rating Bureau.

He said the department has had inquiries indicating that risks are being placed at less than published or tariff rates.

The surplus line examiner in Oregon checks dailies only from the standpoint of eligibility and makes no attempt to check the risks from standpoint of rate, Mr. Taylor said. He warned surplus line agents that the department is holding each license responsible for adherence to this rule.

Plan County Salvage Corps

CLAYTON, MO.—Plans for establishment of an Underwriters Salvage Corps in St. Louis county were made at a meeting here attended by representatives of seven county towns.

John J. O'Toole, president of Underwriters Salvage Corps of St. Louis, predicted the proposed unit would hold down large fire losses in the county, and probably would eventually result in lower fire insurance rates. He said the companies would provide the salvage corps truck and equipment and pay the salaries of a crew sufficient to keep four men on duty at all times. He asked that the municipalities provide housing for the unit, centrally located in the concentrated values areas.

The Clyde, O., agency of Joseph M. Strayer, formerly the Frank E. Fox agency, has been sold to the Pearce agency, which has offices at Clyde and Fremont. Mr. Strayer also has an office in Bellevue.

Public Less Fire-Conscious

GRAND RAPIDS, MICH.—Arnold Renner, chief of the fire marshal's division, told Michigan Firemen's Assn. at its annual meeting here that a 200% increase in the state's fire loss since 1942 is in part attributable to a reduction of fire consciousness on the part of the public as compared with the war period.

Richard E. Vernor, Western Actuarial Bureau, Chicago, said fire departments must keep abreast of the latest fire-fighting techniques in order to meet new hazards, among which he listed television sets and liquefied petroleum gas.

Plan Fire Prevention Week

Ivan Hemphill of the Woodward-Hemphill agency has been named chairman of the Fire Prevention Week committee of the Wichita Chamber of Commerce by Chairman Dorth Coombs. Mr. Coombs held a meeting of his executive committee Aug. 3 to form preliminary plans for Fire Prevention Week.

Boost Lansing Insurance

LANSING, MICH.—Insurance on municipally-owned buildings here was increased from \$1,135,200 to \$2,472,000 by the city council. The coverage is placed through Lansing Assn. of Insurance Agents. The additional premium is \$1,300. Heaviest coverage is on the sewage disposal plant, now being enlarged. Previously insured for \$407,200, the new appraisal brings the insurance up to \$1,158,500.

\$4½ Million County Cover

CHATTANOOGA -- Howard Sears, Hamilton county manager, has announced that five-year contracts for \$4,500,000 insurance on county buildings, involving \$108,000 in premiums, have been signed. More than 100 agencies and brokers share in the business on a uniform rate basis. The county has a financial surplus and will not collect a 2% tax rate for insurance this year.

Three New Claim Offices

Founders Fire & Marine has established three new California claim offices. Adjusters in charge of the offices are W. A. Halliday, Sacramento; E. F. Sterner, Fresno, and A. B. Severance, San Diego.

Canadian Fire and Canadian Indemnity will extend their operations in the U. S. to Montana and Idaho.

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DALLAS—Gilbert Esley, Correspondent
HOUSTON—Charles D. Bailey, Correspondent

Oak Park Bank Well Protected on \$43,500 Loss

Oak Park, Ill., Trust & Savings Bank, is protected by a \$1 million blanket bond in U. S. Guarantee for the loss of \$43,500 suffered by the embezzlement of John Hagenauer, a teller. The embezzlement started apparently about three years ago, so part of the loss will fall on Lloyds, which had the bond until last September. Hagenauer, who confessed, used the money for racetrack betting. He entered deposits on the books of depositors, but not the books of the bank. The bond was placed by Marsh & McLennan. C. W. Seabury, chairman of M. & M., is a director of the bank.

Cotter Denied License

Insurance Director Hershey of Illinois announces he has refused to issue a broker's license to H. E. Cotter & Co. of Chicago. After an application was filed on behalf of the corporation by Cotter, extensive hearings were held at Chicago to determine the eligibility of the company and its principal representative to hold a broker's license. The report of the hearing officer, J. Thor Wanless, approved and adopted by Mr. Hershey, found that the applicant had been guilty of fraudulent and dishonest practices. The applicant offered no testimony at the hearings but was represented by counsel.

The Illinois department has licensed Multiple Location Service Office as an advisory rating organization.

Five Promoted at Mutual Benefit H. & A. Head Office

Mutual Benefit H. & A. has promoted Gale E. Davis to assistant to executive vice-president and assistant treasurer; Howard Le Clair to vice-president and claims manager; Phillip Horan to general attorney; Lorentz Thorgren to general legal solicitor and Carl A. Moyer to assistant claims manager.

W. G. Skul to New Zealand, South British at Denver

William G. Skul has been named special agent for Colorado and Wyoming for New Zealand and South British in association with State Agent Herbert Johnson. Prior to serving in the navy during the war, he was with the Cashman & Evans general agency of Denver 10 years. He returned to that office after the war and in 1947 became field supervisor for Great American Indemnity for Colorado, Wyoming and New Mexico.

Tyne Again President of Counsel Federation

George H. Tyne, assistant general counsel of National Life & Accident, was reelected president of Federation of Insurance Counsel at the annual meeting at Highland Park, Ill., Wednesday. Vice-presidents are: John Appleman, Urbana, Ill.; John Harshman, Dayton; William Mitchell, Memphis; Frederick Spear, Fremont, Neb.; John Sweet, Seattle; Henry Walsh, Worcester, Mass.; Ira Beyon, Lincoln; Sam Hollander of Newark was reelected secretary. Elected to the board of governors are: Ira Beyon, Lincoln; L. E. Brown, Detroit; S. D. Flanagan, St. Louis; and Nathan Phillips, Toronto.

The audience at the meetings numbered about 50. Several valued papers were presented, the one that elicited the most discussion being "Permissive Use of an Automobile" by Fletcher B. Coleman, vice-president in charge of claims of State Farm Mutual Automobile, who took time out from showing three of his saddle horses at county fairs in Illinois to make his appearance. A "surprise" feature was the address of Carl B. Rix of Milwaukee, former president of American Bar Assn. on "Universal Declaration of Human Rights of the United Nations."

Mr. Beyon entertained Monday evening with a European travelogue.

Carson With Ohio Casualty

Ohio Casualty has appointed J. Weir Carson manager for the fidelity and surety department at Des Moines. He formerly was assistant manager for American Surety at Omaha.

Inter-Ocean Conference

Industrial superintendents of Inter-Ocean held a two-day gathering at Uniontown, Pa. The men themselves conducted forums on the various functions of the superintendent, with district managers and home office representatives participating.

Such a meeting is to become an annual event during the summer months. The industrial debit now stands at \$30,000 with an increase for the first seven months of \$2,215. In addition to a standard line of weekly premium life policies, Inter-Ocean is featuring a new series of A. & H. hospital and surgical forms, including family group coverage.

Inter-Ocean in September is honoring President W. G. Alpaugh, whose birthday falls during the month. Featured will be the combination life and A. & H. package sale known as the "Security Pact," and the industrial department will concentrate on attaining quotas which are calculated to help in reaching its goal of a \$35,000 debit by the end of 1949.

ONLY A DROP IN THE BUCKET



Only a drop in the bucket applies to many insurance policyholders all too frequently. In some cases, it means not enough fire insurance on dwellings or contents. In others, it means inadequate limits on liability policies. Again, it can be too small an amount of weekly indemnity under a personal accident policy or insufficient amounts on a fidelity bond.

The amount of insurance that many people carry is really a drop in the bucket. You as an agent will render a real public service if you impress this fact upon your clients and show them the need for adequate protection.

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G.A.B. Offers Appraisal Service on Auto Material Damage Claims in So. Cal.

The Pacific Coast department of General Adjustment Bureau has sent an announcement to its companies in southern California advising that G.A.B. is set up to offer appraisal service on automobile material damage.

The announcement states that there has been a good deal of interest in the various appraisal plans that have devel-

oped throughout the country where under estimates of repair costs are made independently of garage estimates. Ordinarily, there are a number of garages which agree to accept the appraiser's figure.

G.A.B. states that publicity surrounding this service has implied that it is something new and unique whereas it is only one step in the complete adjustment service. If a company should require the performance of this step only, G.A.B. states that such service is and always has been available.

The organization is prepared to ex-

tend the service over the balance of its territory if it is evident that there is a need and a desire on the part of the companies for it.

G.A.B. has agreements with leading repair garages and dealers whereby estimates prepared by its adjusters will be accepted and guaranteed. Each G.A.B. adjuster performing appraisal service has been furnished with complete instructions. The organization has prepared an assignment form for its companies in such a fashion that specific instructions can be surveyed by a check-off method. The service is available at standard bureau rates.

The independent appraisal idea was originally developed by the casualty companies about two years ago at Pittsburgh. The early notices from that city were that a saving in repair costs of some 30% had been effected.

Forum to Feature Iowa Agents' Annual Meeting

DES MOINES—A general insurance forum which will cover fire, casualty, ocean and inland marine and surety will feature the annual meeting of Iowa Assn. of Insurance Agents here Sept. 6-8.

President William Grandy announced that Charles Rupprecht, vice-president of the Hawkeye-Security group, will serve as moderator of the forum. Panel members will be B. W. Hopkins, Des Moines local agent, fire; Jack Wheaton, field supervisor New Amsterdam Casualty, casualty; Julius P. Mayer, marine department of Hawkeye-Security, ocean and inland marine, and Edward Proudfoot, assistant manager of Travelers, surety.

A golf tournament will precede the opening of the convention Sept. 6, with a smoker scheduled that evening. The state executive committee will meet in the afternoon, with a dinner scheduled with the past presidents.

The banquet will be held on Wednesday evening and the convention will close with a luncheon Thursday.

O. Shaw Johnson, Clarksdale, Miss., vice-president of N.A.I.A., is scheduled as one of the principal speakers. Others will include Corlett T. Wilson, Rockford, Ill., "Problems of Personal Property Protection"; Dr. Fred Sternagle, Des Moines, "Socialism and You"; Commissioner Al Kahl of the Iowa department of public safety on "Iowa's Financial Responsibility Law"; Harry Lees, vice-president of American-Associated companies; Ellis R. Carson, executive vice-president of National Surety, and Edwin E. Sterns, assistant public relations director for Travelers.

Texas Insurance Code Committee Is Appointed

The insurance recodification committee of Texas has been appointed by Gov. Shivers. Speaker Manford of the house and Senator Morris, president pro tem of the senate. This consists of 10 appointed members and the three insurance commissioners, ex officio.

The governor has fixed the deadline for recommendations as Dec. 31, 1950, in anticipation of action by the legislature which will meet in January, 1951. Life Insurance Commissioner Butler, who is ex officio chairman of the Texas board of insurance commissioners, will be chairman of the committee.

Five members were named each from the insurance committees of the house and senate. Besides Acting Lt. Gov. Morris the senate members are William T. Moore, Bryan; Fred Harris, Dallas; Warren McDonald, Tyler, and Keith Kelly, Fort Worth. House members are J. Heflin, Houston; Joe D. Carter, Sherman; Louis G. Goddard, Texas City; Henry Lehman, Giddings, and Davis Clifton, McKinney.

The Daly Insurance Agency has purchased a two-story apartment building at 1643 Sherman street, Denver, into which it will move from the Capitol Life building.

Schirmer Heads Hendricks Firm

Robert W. Schirmer has been elected president of Hendricks Engineering



R. W. Schirmer

Corp. of Chicago to succeed the late Allen E. Hendricks.

Mr. Schirmer had been with Mr. Hendricks since the founding of the corporation and has served as vice-president and chief engineer for the past several years. He graduated at Armour Institute of Technology in 1927 in fire protection engineering and

served with the Chicago Board as an engineer from 1927 until 1937, when he became associated with Mr. Hendricks.

Mr. Schirmer is one of the best known fire protection engineers in the country.

McGonagle Is Promoted

David I. McGonagle has been appointed supervisor of inspections for the corporation. He has had many years of experience in the fire protection, insurance and inspection field. He has been associated with the Rockwood Sprinkler Co. as a construction supervisor and an engineer and with the old Western Sprinkled Risk Assn. and Pearl as an engineer. He later was manager of the western department of Rhode Island and became associated with the Hendricks firm in 1948.

The Hendricks corporation operates on a nation-wide scale, making fire protection, safety and building maintenance reports on mercantile, industrial and manufacturing properties. It also issues insurance rating analysis reports for insurance companies, brokers and agents.

Resident engineers are located at New York, Philadelphia, Atlanta, San Antonio, Minneapolis and Los Angeles. Most of the engineers on the staff had previous experience with local bureaus or insurance companies. Recently added to the staff are Lester R. Abbey, formerly of Middle Department Rating Bureau who has been appointed resident engineer at Philadelphia, and R. C. Hamilton, formerly associated with Southeastern Underwriters Assn. and a graduate of Georgia Tech, who has been appointed assistant resident engineer at Atlanta.

U. of Wis. Offers Refresher

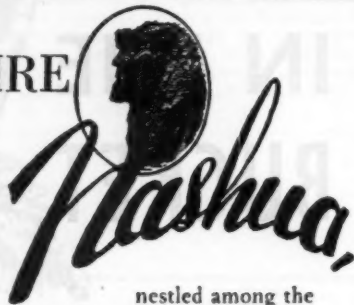
University of Wisconsin school of commerce will offer a short refresher course in fire and casualty insurance Aug. 16-18. Courses and instructors are: Building agency prestige, Richard E. Farrer, director of education of N.A.I.A.; agency ownership, John F. Neville, associate counsel N.A.I.A.; office management, Richard J. Layton, vice-president Rough Notes Co., Indianapolis.

The conference is sponsored by Wisconsin Assn. of Insurance Agents and those attending will be charged \$35 for tuition, books, room, and board, or \$18.75 for tuition and books. Enrollment is limited to 75 and reservations are being accepted by Prof. E. A. Gaumnitz, Sterling hall at the university, or Urban Krier, secretary of the Wisconsin association, Milwaukee.

Insurance Fund Increased

KINGSPORT, TENN.—An effort in Sullivan county court to cancel all fire insurance on county property and establish a self-insurance fund of \$100,000 has been defeated. Instead, the court has increased the amount available for fire premiums from \$5,000 to \$15,000 to "insure certain properties more adequately."

NEW HAMPSHIRE

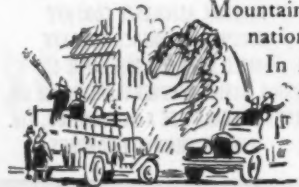


nestled among the hills on the west side of the

Merrimack River, was once a trading post. Originally surveyed in 1652, it was chartered in 1746. The symmetry and beauty of the town reflect the plans of Asher Benjamin, an architect engaged in 1825 by the Nashua Manufacturing Company to lay out the streets and to plant numerous trees. Here the Nashua Watch Company in 1860 began to make watches by machinery, a development which revolutionized the industry. Here John Gage ran the first American shop devoted to the making of machinists' tools, and here the American Shearer Company devised the first machine for shearing and clipping animals. The city is famous for the diversity of its industries, prominent among which are the Nashua Gummed and Coated Paper Company, the White



Mountain Freezer Company, and the International Paper Box Machine Company. In 1930, a fire devastated one quarter of the community, but New England perseverance rebuilt it so that it is today the second largest city in New Hampshire.



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Chamberlaine Heads West Va. Agents

(CONTINUED FROM PAGE 2)

lower rates and the combination has been most disturbing to the West Virginia agents. Mr. Keller reported that he and a committee had made several trips to Charleston to confer with bureau representatives and Commissioner Crichton on this matter. He said Mr. Crichton is not satisfied that the increase is justified and last week wanted a few days to decide whether to order a moratorium or to allow the bureau more time to present additional evidence.

A decision had been expected by the end of the week, Mr. Keller said, but the sudden death of Mr. Crichton's mother delayed it. This circumstance kept both Mr. Crichton and Mr. McHenry, who is his brother-in-law from attending the meeting.

Membership Up

Association membership is 169, a slight increase, but Mr. Keller said this is too low and pointed out that only nine states have a smaller membership. He said that membership requirements may be too high and urged consideration of this. He praised the formation of a local board at Beckley during the past year and urged the formation of more boards and the reviving of inactive ones as well as the organization of county and district boards in areas of lesser population. He also praised the conference committee for its work in securing reinstatement of the term rule on mining properties.

In addition to President John C. Stott, who spoke at the Tuesday session, National Assn. of Insurance Agents was represented by Norman A. Chrisman, Pikeville, Ky., national executive committee member, and Mrs. Chrisman. Mr. Chrisman, who took a bow at the dinner Monday, was scheduled for last year's meeting, but was unable to attend because of sudden illness. Frank Kinzer, Covington, Va., president of Virginia Assn. of Insurance Agents, and Mrs. Kinzer were also introduced at the dinner. Mr. Stott was accompanied by his son Richard, a freshman at Muhlenberg College, who captured the low net golf prize. The dinner was preceded by a cocktail party at which Calley & Clark, Huntington general agents, were hosts. The final session Wednesday morning was the business meeting. The two previous sessions were devoted to outside

speakers, Monday morning on casualty subjects and Tuesday to fire insurance and to Mr. Stott's talk.

B. F. Flood, special agent Royal-Liverpool group, was moderator at the fire insurance session which featured E. H. Davies, assistant secretary Phoenix of London, on inland marine, and W. C. Feimster, executive general adjuster General Adjustment Bureau, on business interruption. The session was well received and brought out a number of questions from the floor.

Mr. Davies predicted that the present confusion over jewelry rates would straighten out soon and blamed much of it on the fact that Inland Marine Insurance Bureau is still feeling its way into rate regulation and filing requirements and that the proposed effective dates had been made too near in the future, under the spur of competition. In his prepared address, he pointed out the variety of coverages available for commercial risks and the different types of property eligible for inland marine protection, including such items as traffic signals, which are eligible because they are instrumentalities of transportation. He stressed the importance of providing complete information when asking for a rate and said that often a competitor will quote a lower rate solely because the information on which the original rate was based was incomplete. For example, he said, underwriters will usually load a rate for the flood peril unless they are given evidence that this hazard does not exist.

Mr. Feimster devoted much of his informal talk to business interruption problems of coal mining risks. He pointed out that West Virginia, unlike most states, has a special form for these insured. It is essentially the two item manufacturing form with a special co-insurance clause, providing for the deduction of costs of materials, mining supplies and ordinary payroll. Discussing specific items, he said it is important to check a mining insured's accounting system carefully, as many items may be charged differently from year to year, depending on the profit and tax picture. For example, tippie labor costs are deductible, but there is often some supervisory and maintenance payroll included here, and this should not be deducted. Royalties and true depletion charges should be deducted. These require careful check-

ing. He said that in his opinion welfare and retirement fund payments and vacation pay should be considered a part of ordinary payroll.

In answer to a question, Mr. Feimster said it is true that the coverage and co-insurance clauses are not identical, but the co-insurance clause is only a yardstick for determining the premium and no insured can foresee the type or length of shutdown he will suffer or what expenses will have to be continued. Another question was the time it takes to replace an average frame tippie. Mr. Feimster said that very few of these are rebuilt, being mostly replaced by steel and concrete, but that, even with materials becoming more readily available, even a small tippie takes from six to eight months and at least a year is average for one of any size.

The West Virginians endorsed J. V. Arthur, Winchester, Va., for election to the N.A.I.A. executive committee.

Mariners Plan Outing

The Mariners Club of Chicago, the marine insurance organization, will conduct its annual golf tournament Sept. 13 at Itasca Country Club.

Harold Bredberg, National Service & Appraisal, yeoman of the Mariners,

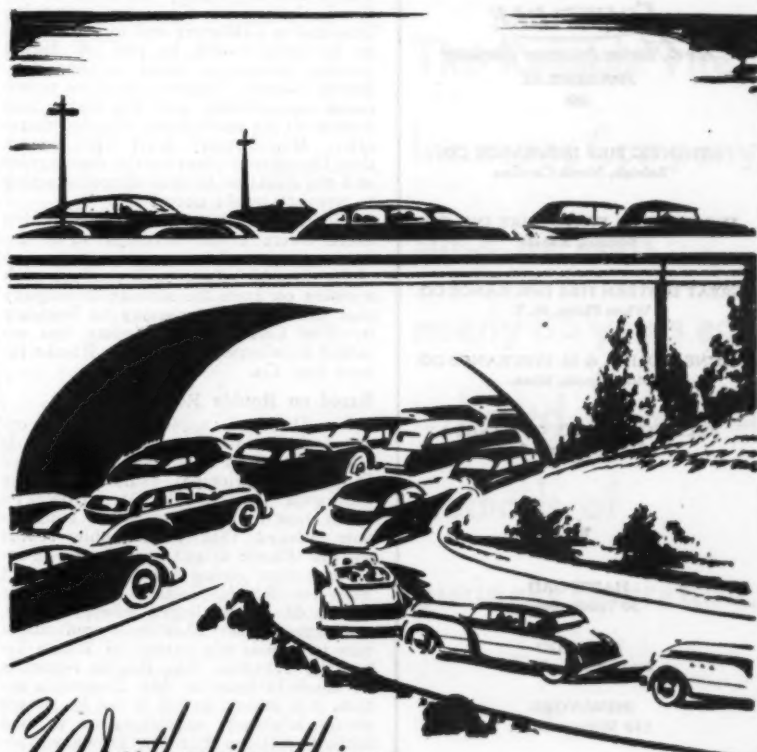
is in charge of arrangements. Roy Urbauer, Home, the skipper, will be in charge at the dinner in the evening, at which golf prizes will be awarded. A special prize will be a cup awarded by Babaco Alarm Systems.

Adjusting Offices Merged

The office of Walter R. Zener Adjustment Co. at Carlsbad, N. M., managed by Harold R. Layman for the past year, has been purchased by Mr. Layman and Fred Crosby. They have also purchased the business of Crosby Claims Service of Carlsbad, managed by Mr. Crosby. The business will be operated under the firm name of Crosby & Layman, Carter Building, Carlsbad.

Take Up Oil Importation

Following an illustrated talk and movie on the Arabian oil development before Wichita Assn. of Insurance Agents by E. C. Moriarity of Kansas Independent Oil & Gas Assn., which described the dangers to the domestic oil producing industry of importing foreign oil, the Wichita board interested itself in the pending Thomas amendment to the reciprocal trade agreement which would include a limitation of the importation of oil to 5% of domestic production.



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PROVIDENCE, R.I.
1859

ATLANTIC FIRE INSURANCE CO.
Raleigh, North Carolina

THE CENTRAL STATES FIRE INS. CO.
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GREAT EASTERN FIRE INSURANCE CO.
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ONE TRIED & FIRE TESTED

State of R.I. Joins Fight on Downey

(CONTINUED FROM PAGE 1)

aminers to participate in the examination as a representative of zone 6. His intention to participate was reaffirmed one week before he sought the order appointing him as conservator on May 17, 1949. "My brief will argue that this departure from normal cooperative practice and related facts may constitute evidence of arbitrariness, capriciousness and bias," the attorney general said.

Refers to Press Release

On May 17, 1949, Mr. Downey issued and widely distributed a lengthy press release which set out, as if they were proved facts, allegations contained in the application for appointment as conservator. The Rhode Island attorney general said that Mr. Downey must have known this would have a most injurious effect on the business of Rhode Island Ins. Co. and might result in a fatal run on its assets. This did follow to some extent but Rhode Island Ins. Co. has not been ruined although it has been weakened. The attorney general said that he would argue that this constitutes evidence of arbitrariness, capriciousness and bias.

The word "conservatorship" is a misnomer, the document continues. The action was apparently designed to bar Rhode Island Ins. Co. from continuing business in California and to insure that its business would be run off during lengthy hearings, court actions, etc. Rhode Island's business would be terminated immediately and the rights and wrongs of the termination litigated thereafter. Mr. Downey must have known that the agency plant would disintegrate and the situation he was allegedly acting to prevent might occur.

The document went on to say that there where a run develops on an insurance company, an abrupt reduction of its normal volume will produce such a strain on even the strongest company that it might be necessary to liquidate it. The California proceeding has resulted in a serious strain on Rhode Island Ins. Co.

Based on Rouble Report

Mr. Downey's application for an order and, in fact, his whole case, it is alleged, is based on a report of Maurice D. Rouble, principal examiner of the California department. Mr. Downey's application for appointment as conservator alleged that the Rouble report showed Rhode Island Ins. Co. to be insolvent after giving effect to a contract between Rhode Island and Pioneer Equitable. The alleged effect of this, according to Mr. Downey's application, was to impair the capital of Rhode Island by \$734,954. The Rouble report is as much in issue as Mr. Downey's action, it is stated, and if it can be shown to be arbitrary, capricious or in bad faith, it follows that Mr. Downey's action also is arbitrary, capricious and in bad faith.

Report Called Clearly in Error

The Rouble report is clearly in error on many vital questions of fact and some of the "adjustments are so patently erroneous as to be surprising."

The Rhode Island-Pioneer Equitable agreement was effected March 21, 1949, and was negotiated at arms length, it is stated. Mr. Bisson and the Indiana commissioner were fully informed on negotiations leading up to it and are thoroughly familiar with its terms. Those two commissioners approved the settlement. Considering the multitude of problems involved and the necessity of securing a settlement of those problems, and in further consideration of the fact that Pioneer Equitable was not paying its losses or other obligations, it seemed that public interest required approval of the contract, it was said.

Treated As a Merger

The document goes on to say that "it is disconcerting to find now that upon the basis of some rapid and apparently arbitrary 'adjustments' by the

California examiner, the settlement was a 'merger' which should have been approved by Mr. Downey and has allegedly rendered Rhode Island Ins. Co. insolvent under the California law." The Rouble report was quoted as stating that among the liabilities which Rhode Island is assuming from Pioneer Equitable are premium reserve (net) Louisville Fire & Marine quota share \$466,000; premium reserves other than Louisville quota share \$1,005,000. Mr. Rouble was quoted as saying that he had been advised that upon execution of the agreement, Rhode Island reinsured 50% of such business with Lloyds; that Rhode Island is entitled to 25% commission on \$735,500 or \$183,875, which, if deducted from the overcredit of \$800,264, leaves a net amount of \$616,389, which has been deducted from assets in the adjusted financial statement. This, the Bisson-Rhode Island attorney general document declares, "is a tissue of misinformation and misconception."

Not a Liability

The \$466,000 item should not be included as a liability, it is declared. Cancellation notice was given to Louisville F. & M. effective April 1, 1949. The \$466,000 was reassured by Louisville F. & M., which then released to Rhode Island as successor to Pioneer Equitable 52.5% in prepaid commissions which had been included in the \$466,000 premium reserve. Consequently Rhode Island's surplus was increased by \$244,650. Rhode Island was relieved of a liability of \$466,000 and received on the asset side, a commission of \$244,650. Accordingly there was a net swing from liabilities to assets of \$710,650. The unjustifiable treatment of this item might be deemed evidence of arbitrariness, capriciousness, etc., it is declared.

If this item alone is unjustifiable, Rhode Island was clearly solvent, it is declared. Adding \$710,650 to the alleged capital and surplus of \$265,045 which Mr. Rouble found was the amount of capital available after the Rhode Island-Pioneer Equitable agreement, the total is \$965,695 or much more than the required \$750,000 under the California law.

Small Portion Goes to Lloyds

The document went on to say that Mr. Rouble also listed \$1,005,000 of premium reserve other than Louisville F. & M. quota share which Rhode Island assumed from Pioneer Equitable. The Rouble report stated that he was advised that Rhode Island reinsured 50% of that business with Lloyds. This, according to Mr. Bisson, is wholly untrue. Rhode Island never informed anyone that there was any such reinsurance. As a matter of fact, 10/11 of the business so assumed by Rhode Island was placed with its first surplus reinsurance treaty with Swiss, Swedish, English or American insurers. Only 50% of the remaining 1/11 was reinsured with Lloyds under its Rhode Island quota share treaty at a 46% commission, consequently of the \$1,005,000 only 1/22 was actually retained by Rhode Island.

Therefore, instead of assuming a liability of \$735,500, Rhode Island assumed a liability of \$45,681. Rhode Island got commission on 10/11 of the business of 37 1/2% or \$342,607 and also on 1/22 of the business at 46% commission, the latter item amounting to \$21,013. The net result was that the surplus of Rhode Island was increased \$363,620 less \$45,681 or \$317,939.

Question of Lloyds Commission

The Rouble report said that as of Sept. 30, 1948, Rhode Island negotiated a Lloyds contract for 50% of the net retained business of Rhode Island. The commission on the reinsurance was on an incurred loss ratio basis with a 25% minimum. Rhode Island took credit for commissions at the rate of 46% which is on the basis of an assumed loss ratio of 50%. The Rouble report stated that

the amount ceded to Lloyds was \$3,810,784, which at 46% commission, was \$1,752,960 and at 25% commission was \$952,696. Since Mr. Rouble contended that 25% was the proper allowance, there was an over-credit of \$800,264.

The Bisson-attorney general document stated that the initial starting commission with Lloyds of 46% was arrived at by careful study. This meant that Rhode Island could take credit for 46% and Lloyds took the chance of losing subsequent adjustments to loss, if any, if Rhode Island became insolvent. True, the statement declared, 46% commission was subject to subsequent adjustment but setting it at 25%, which could only result if there was a catastrophic loss ratio of 75%, is so unjustifiable as to constitute capriciousness, arbitrariness, etc.

Makes Adjustment to 41%

Even if a 55% loss ratio were assumed, the commission would be reduced to 41% or \$1,562,421. This would be an over-credit of \$190,539 and this would increase the credit side by \$609,725.

The Rouble report went into the matter of Pioneer Equitable 4% notes due 1954 in the amount of \$379,500. Mr. Rouble stated that these are unsecured and are not sound investment in California and were to be deducted.

This, according to Mr. Bisson, is unreasonable. After the Pioneer Equitable-Rhode Island agreement, Pioneer Equitable was left with assets of \$3 1/2 million and liabilities of \$25,000. If \$1 1/2 million of Rhode Island preferred stock in the portfolio of Pioneer Equitable is eliminated, there still remains \$2 million in net assets of which \$1 million is bonds of Greater New York Breweries, as newly amended and collateralized.

Backed by Louisville Stock

These bonds are now backed by 75% of the stock of Louisville Fire & Marine and guaranteed by Greater New York Industries, which has many other properties and has a substantial five year average earnings record. Also Pioneer Equitable has \$1 million in par value debenture bonds of Reeves-Ely, Inc. The Rouble report stated that a serious question arises as to whether the redemption provisions of the preferred capital stock (259,213 shares of \$1 par value preferred stock, redeemable upon certain conditions and delivered by Rhode Island to Pioneer Equitable) do not create an existing liability of \$1,240,787. The Rouble report went on to say that should such liabilities be required to be set up, the Pioneer Equitable 4% notes of \$379,000 heretofore disallowed as an asset, would be reinstated since such notes may be used in payment of redemption values.

The Bisson-attorney general statement went on to declare that these 4% notes, if all else fails, can be used to discharge over a period of years, what the Rouble report calls Rhode Island's "contingent liability for \$1,240,787 (plus par value of \$259,213 or a total of \$1,500,000) which must be paid from surplus funds." The Bisson statement declares that under the agreement and the law, the preferred stock can only be redeemed from surplus. Since the 4% notes may be used for this additional purposes, they should be included as an asset. Also, they seem to have intrinsic worth as an open account with another solvent insurance company whose statement shows it is able and willing to pay them, regardless of whether or not the \$1,240,787 difference between the par value of the Rhode Island preferred stock and its redemption price is included as a liability.

Question of Preference

If it is true that Rhode Island is insolvent, the effect of Mr. Downey's action is to secure for California policyholders a preference in the assets to which they are not entitled. In a letter dated May 26, Mr. Downey referred to a talk with a vice-president of Rhode Island Ins. Co., stating that the latter finds himself unable to pay claims for losses or return premiums. Mr. Downey

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said that he indicated that such claims are collectible from Rhode Island where- soever located and that the company should honor the claims with funds located outside of California. Mr. Downey said that he would agree to modify the

court order so that Rhode Island could pay such claims. The Bisson statement went on to say that receivers of ancillary states may not seize assets and make distribution to creditors in ancillary states so as to give them a preference.

C.P.C.U. Ranks Are Increased by 106

(CONTINUED FROM PAGE 1)

field representative General Accident, St. Paul; Broadman, Muriel, assistant insurance manager Deering, Milliken & Co., New York; Burkhalter, Louis D., Jr., Burkhalter agency, Cedar Rapids, Ia.

Also: Carey, Austin, examiner Aetna Fire, West Hartford; Carniglia, Richard C., senior liability underwriter Fireman's Fund, Oakland, Cal.; Chadwick, Donald H., assistant secretary Atlantic Mutual, Madison, N. J.; Chappell, William Buchanan, agency underwriter, Lawrence, Highfill & Terry, Fort Worth; Chase, Eckley R., Spitzer agency, Medina, O.; Collier, Gerrit S., special agent American, Albany; Connolly, John J., Jr., account supervisor, William Wilson Co., Pasadena; Corby, Frederick T., manager of personal accident department and director of trainees, Home Indemnity, East Orange, N. J.; Culbertson, Jack, general manager, John S. Dunn & Co., Houston; Danely, Joseph W., solicitor and agent, E. V. Stewart & Co., Los Angeles; Devroye, Albert M., assistant loss superintendent Millers National, Chicago; Dithmer, Walter G., field supervisor Western Underwriters Association, Chicago; Doyle, Joseph L., underwriter, Ocean Accident, San Francisco; Drinkwine, Harvey A., Harvey A. Drinkwine & Co., Inglewood, Cal.; Earley, Harold Wayne, sales representative Liberty Mutual, Cleveland; Ellis, Donald H., Hadley-Mahoney Co., Indianapolis; Fitch, W. Evans, Fitch agency, San Antonio; Garrott, Walker A., Ed. P. Eppich & Son and Webb-Eppich-Garrott, Denver; Gossinger, Frank J., assistant treasurer Byrnes-McCaffrey, Detroit.

Also: Haynes, William S., manager at Grand Rapids, Employers Liability, East Grand Rapids, Mich.; Hohenadel, Frank A., Jr., field representative, Aetna Casualty, Chicago; Donaldson, Edgar H., office manager Paul H. Talbert Co., Beverly Hills; Howlett, A. Delno, man-

ager California division General of Seattle, Los Angeles; Hutchinson, Alfred L., assistant secretary and underwriting manager American Policyholders, Boston; Irvine, Lewis V., instructor in training school, Travelers, West Hartford; Jameson, Charles R., manager 42nd Street office, Aetna Casualty, New York; Jones, John E., vice-president Seaver & Peck, Watertown, N. Y.; Kennedy, John Marsh, field representative Standard Accident, Oakland; Kerns, Max E., H. W. Huttenlocker agency, Pontiac, Mich.; Kesler, Joseph P., Jos. P. Kesler Co., Long Beach, Cal.; Klepper, Joseph J., office manager Bernard Blumenkrantz Co., New York; Koepfel, Arthur E., Jr., office manager, E. J. Habrich & Co., Hackensack, N. J.; Lamar, John B., claim representative Standard Accident, Chicago; Lamb, Charles D., state agent Automobile of Hartford, Columbus; Lampe, Alfred E., assistant manager American International Underwriters, Bethesda, Md.; Larson, Lawrence H., special agent, Providence Washington, Pittsburgh; Larson, Leonard W., assistant secretary Lumbermens Mutual Casualty, Evanston, Ill.; Lender, Herman J., Jr., contract bond underwriter Fidelity & Casualty, West Orange, N. J.; Lincoln, Charles W., account executive, Johnson & Higgins, New York; Lotshaw, C. Irwin, office manager, E. H. Nol Kemper agency and livestock department, Home, Chicago.

Also: Maynard, Robert E., manager of insurance, Curtiss Candy Co., Chicago; Lyons, Ella Rachel, E. B. Lyons agency, Detroit; Marley, Denzil F., underwriter, Fireman's Fund Indemnity, San Francisco; McComb, James F., underwriting manager and director of Public National, Miami Beach; McLane, Dorothy Ann, underwriter, Floyd West & Co., Dallas; McMullen, W. J., secretary, Riverside Ins. Co. of America and

account executive, Rebsamen & East, Little Rock; Mielke, Harold A., sales representative, Employers Mutual Liability, Racine, Wis.; Milgram, Samuel J., broker, Melrose Park, Philadelphia; Mitchell, William J., assistant manager, North America, St. Louis; Monnin, Hilard A., solicitor, J. C. Bradley & Co., New Haven; Mortenson, A. Crawford, vice-president, Nolen Allen & Co., Los Angeles; Mowatt, John L., Jr., state agent, Aetna Fire, Grand Rapids; Myers, Robert E., secretary Ray & Dithmer, Indianapolis; Neal, George R., assistant manager, Employers Casualty, Los Angeles; O'Rourke, Donald H., Jr., O'Rourke & Co., Fort Wayne, Ind.; Orr, Frank B., office manager, Miller, Day & Ames, San Francisco.

Also: Peet, William, agent, Minneapolis; Pfander, John A., vice-president, Anchor agency, St. Paul; Potter, A. Lawson, underwriter, New Amsterdam Casualty, Philadelphia; Riddell, Forrest R., assistant manager, National Surety, Omaha; Poulton, Raymond R., Poulton & Orr, Piedmont, Cal.; Purcell, Edward, underwriter, Ohio Casualty, Hamilton, O.; Rhodes, Easton C., assistant accounts manager, Miller, Kuhrt & Cox, Los Angeles; Ritgerod, Henry A., L. V. Martin & Co., Little Rock; Robbins, Floyd M., special agent, General of Seattle, Los Angeles; Sanguinetti, Henry M., marine superintendent, Travelers Fire, San Marino, Cal.; Schwab, Arthur L., president, Moffatt & Schwab, Staten Island, N. Y.; Seaman, Julius B., manager midtown office, Home Indemnity, New York; Shapiro, Maury J., Shapiro & Son, Los Angeles; Silver-smith, Joseph H., Jr., vice-president, Reichart-Silver-smith, Denver; Smith, Francis E., F. E. Smith & Co., San Diego; Smith, William R., special agent, Firemen's, Little Rock; Solon, John F., manager Seattle, Cravens, Dragan & Co., Mercer Island, Wash.; Steves, Myron F., resident secretary, American Mutual Liability, Mobile; Stites, Richard L., assistant treasurer, Edwards, George & Co., Sewickley, Pa.; Sullivan, Roger L., agency supervisor, Michigan Mutual Auto, Grand Rapids; Swanson, Robert W., state agent, Royal-Liverpool, Indianapolis, Ind.

Also: Taylor, John R., unit manager, Cosgrove & Co., Los Angeles; Thompson, M. Cullum, Kirkpatrick-Thompson Co., Dallas; Thompson, Margaret, office manager, Paul McDonnell agency, Memphis; Thompson, Paul S., vice-president, Gustav May & Co., Cincinnati; Tindell, Edmund Avery, underwriter, Pacific Marine Insurance agency, Oakland; Toale, Eugene A., senior underwriter, America Fore, New York; Todd, Carl L., broker, Todd Realty Corp., Flushing, N. Y.; Tomlinson, Russell W., assistant superintendent engineering department, General Accident, Ridley Park, Pa.; VanderWerf, J. A., agent, Grand Rapids; Van Nuse, Robert W., underwriter, Aetna Casualty, Syracuse; Wallace, Tom S., general casualty underwriter, United Pacific, El Monte, Cal.; Wilkins, James, office manager, Ray Shelton agency, Dallas; Wilson, Donald K., special agent, Fire Association, Pittsburgh; Wilson, James, Jr., assistant manager accounting department, Lumbermens Mutual Casualty, Philadelphia; Woods, Arnold H., agent, Allentown, Pa., and White, Homer O., Jr., special agent, North America, Richmond.

To Check Minn. Investments

Gov. Youngdahl of Minnesota has named as an investment advisory board, T. A. Phillips, chairman of Minnesota Mutual Life; A. B. Jackson, president of St. Paul Fire & Marine, and John A. Buxton, president of Mutual Implement & Hardware, Owatonna.

The group was named after the governor criticized members of the state investment board in the purchase of \$5,208,000 state of Arkansas bonds. He decided it is time for a complete checkup on other Minnesota state investments amounting to about \$180 million and named the advisory committee for this purpose.

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FIELD

American Names Hulighan and Mielner in New Jersey

American has made two appointments in the New Jersey field. John J. Hulighan has been appointed marine special agent and Joseph Mielner has been named special agent.

Mr. Hulighan joined American in the home office fire underwriting department in 1928 and transferred to the marine department in 1937. In addition to his work as marine special agent, he will supervise the inland marine service department.

Mr. Mielner has been transferred from the automobile department, which he joined originally in 1947.

London Names Linnell

London Assurance has appointed Albert Linnell as special agent in southern California, to work with Arne J. Ulvila, who has been advanced to manager of the branch.

Following service in the war, Mr. Linnell joined Pacific Fire Rating Bureau at Los Angeles, in its examining department. He later became a surveyor working on the rating of cities and towns and on special risk assignments.

Mickunas to Ia. Field

Victor C. Mickunas has been appointed special agent in Iowa for the National Fire. After serving with the marines during the war he joined National Fire in 1947 and has received training in all departments at Chicago.

Mr. Mickunas will travel the western Iowa field, formerly handled by E. H. Carpenter, who has been transferred to Kansas.

Darr San Antonio Special

Paul H. Darr, Jr., a graduate of Baylor University, who completed the training course of the North America, has been appointed special agent at San Antonio.

M. H. A. Lindsay Named Chief Engineer of A. D. T.

Maxwell H. A. Lindsay has been appointed chief engineer of American District Telegraph, succeeding Paul M. Farmer, who was transferred to the executive staff July 1, Albert Boehm succeeds Mr. Lindsay as assistant chief engineer.

Mr. Lindsay joined A.D.T. in 1932 and in 1935 became engineering supervisor on intrusion detection systems and electronic equipment. In 1947 he became assistant chief engineer. Prior to joining A.D.T. he was a member of the technical staff of Bell Telephone Laboratories.

Mr. Boehm has been with the organization since 1931. He served as engineer on the staff of the general superintendent of plants of A.D.T. and was a colonel in the army engineer corps during the war. He temporarily has been assigned as supervisor of materials and manufacture pending the return of W. J. Kleinknecht, who is recovering from automobile accident injuries.

E. E. Bell to P. W. in Cal.

Earl E. Bell has been named special agent in the marine department in northern California with headquarters at San Francisco for Providence Washington. He was formerly with North America in the marine loss department, underwriting department and production. During the war he served in the army air corps. He is a graduate of Elon College, North Carolina.

Mae Barr Long, deputy insurance commissioner of California, died at San Francisco after a long illness. One of the original staff of the California department, Mrs. Long was probably its

oldest employee. She served under every insurance commissioner since W. E. Wolf after the fire of 1906. She had been in ill health for the past few years.

Conn. OK's Jewelry Rate

The new rates for jewelry insurance filed by Inland Marine Insurance Bureau have been approved by the Connecticut department.

Pa. Approves Decrease

Commissioner Malone of Pennsylvania has approved the 16% rate decrease filing on personal jewelry insurance, effective Sept. 1.

Pittsburgh Fire Manager

Atlantic Mutual and Centennial have appointed C. N. Van Iderstine fire manager at Pittsburgh. Formerly he represented Hanover Fire in western Pennsylvania.

Elliott to Local Agency

Burgess L. Elliott, special agent for New York Underwriters in eastern Missouri and southern Illinois, has resigned to join Sept. 1 the Ellington local agency at Portageville, Mo.

Occidental Ups Schmitz

W. F. Schmitz, former supervisor in the A. & H. department of Occidental Life, has been made assistant superintendent of A. & H. sales. He joined the company in 1940.

New Insurer Is Projected

Beneficial Standard Life of Los Angeles has filed application with the California department for reservation of the name, Beneficial Fire & Casualty for a proposed company to be a multiple-line insurer.

H. H. Kellogg has purchased the C. B. Waterman agency at Indianola, Ia.

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Pacific Mutual Closes Big Trade Group Case

A large trade association group contract becomes effective in Pacific Mutual Life Aug. 11 for California Metal Trades Assn. This consists of polishers, platers, machinists and foundry workers and their employers. The plan was arranged through a collective bargaining agreement. It is available to about 10,000 members of the association and some 250 to 300 employers.

The first portion of the coverage is without cost to the employee and provides \$1,000 life insurance, the same amount for accidental death and dismemberment; hospital benefits of \$10 a day for 70 days; \$300 surgical expenses, up to \$300 for additional accident expense benefits. Maternity benefits are included up to \$100 hospital and \$75 for physician's fees.

Then there is dependent coverage which is charged to the employee at the rate of \$3.50 per month. This includes hospital, surgical, medical and maternity expenses. There is a third part which is the voluntary disability plan established under the California UCD law and gives a weekly benefit of 70% of weekly earnings subject to a maximum of \$40, and a limit of 26 weeks for each disability. Benefits begin the first day for an injury and the eighth day for illness. The cost of this part is 1% of the first \$3,000 of earnings. Parts II and III are optional to the employee.

A. & H. Premiums Up 15% for First Six Months

The total premium volume for A. & H. insurance in 1949 will be more than \$1,150,000, if present trends continue. According to a tabulation of premium income of member companies just completed by H. & A. Underwriters Conference, A. & H. premiums increased 15% for the first six months of 1949 compared to a similar period in 1948. These figures include all classes of accident and health coverage but do not include Blue Cross or medical service plan premiums of the Blue Shield type.

Loss ratios increased 1.8 points over the same period.

Prepare for O.D. Changes

Members of the Compensation Rating & Inspection Bureau of New Jersey have received a copy of the 1949 law, which becomes effective Jan. 1, amending the compensation law to cover all occupational diseases. It does not affect the presently established procedure on silicosis and asbestosis. The question of rates and insurance coverage that arises from this amendment will have the consideration of the governing committee.

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Aga Khan Loss Sets Record for Lloyds

The jewel robbery of the wife of the Aga Khan at Cannes, France, may be the largest such crime in history. In any event it is the biggest in the history of London Lloyds. John P. V. Buellens, Lloyds chief agent in France, was quoted as fixing the value of the jewelry at \$785,000. The Aga Khan said the jewels were insured for their full value up to £200,000.

Ind. Special Charter Firm Wins Over Viehmann

Firemen & Mechanics of Ft. Wayne, a special charter company, won a decision from Superior Judge Higgins at Indianapolis that its policies shall be accepted by the state bureau of motor vehicles as satisfactory evidence of financial responsibility under the automobile safety responsibility law. A restraining order had been issued July 29 by Superior Judge Pritchard compelling the state bureau to recognize the policies of this company. Previously, the bureau had refused to recognize such contracts.

Commissioner Viehmann had contended that since the 100 year old legislative charter of Firemen & Mechanics expires next Jan. 21, its policies no longer should be considered as evidence that motorists are financially responsible. At the hearing Mr. Viehmann declared that the restraining order compelled the safety division to violate the law.

Floyd Christian, attorney for Firemen & Mechanics, contended that the company holds a perpetual charter and is not subject to the authority of the insurance department.

Chicago Remodeling Job

U.S.F. & G. is well along on its program for renovating its Chicago branch offices on the ground floor of its own building at 170 West Jackson boulevard. At least another three months will be required to complete the job. The offices will then run the entire width of the building from Jackson boulevard to Quincy street. The ceilings are being lowered, a ventilating system installed, together with modern lighting and walnut paneling and the Jackson boulevard front is to be completely restyled. With this decorating going on during the vacation season and in hot weather, the branch is functioning under some difficulties.

Keep Eye on the Ball

L. M. Peet, president of Farmers Life of Des Moines, has sent a bulletin to his agents saying that the great current interest in polio policies should not distract their attention from pursuing the regular lines of accident and life insurance. He said that the specialized automobile insurance accident policy is of far greater service because there are a great many more automobile accidents than there are polio cases and they are year around occurrences. "There is more gold in one life insurance application than in 10 polio applications," he declared.

Pay Loss in 48 Hours

Within 48 hours after the First Clark National Bank at Norfolk, W. Va., was held up and robbed of \$20,000, William Barger, secretary of Citizens Underwriting Agency, handed a check for that amount to the president of the bank. Robert R. Reed, claims attorney for Fidelity & Deposit, was present at the presentation.

OK Athlete Insurance in Ill.

Governor Stevenson of Illinois signed the measures permitting school boards to purchase group insurance for athletes and athletic teams.

Boxers Get Benefits for Bruises in Bouts

In an arrangement worked out between the New York state athletic commission and Continental Casualty, professional boxers competing in New York state will after Sept. 1 be protected by compulsory accident insurance. The benefits include reimbursement for medical, surgical and hospital care up to \$500 and \$2,500 in event of accidental death, for injuries received in fights.

Under the regulations, it is mandatory

for each licensed promoter to provide minimum insurance coverage for licensed fighters. For the coverage, the promoter pays \$2 for each boxer for each fight, and the promoter has the right to deduct the payments from the receipts at each show. The coverage is effected in a master policy and use of certificates. New York is the first state to make accident insurance for boxers compulsory.

Jerome T. Smith of Palo Alto has joined the firm of Associated Factors at San Francisco. He has been active in the insurance field at San Francisco and the Bay Area for many years.

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NEW YORK 17, NEW YORK

J. K. BATTERSHILL
U. S. MANAGER

EDITORIAL COMMENT

Poor Customer Relations Practice

One responsibility that is daily encountered and must be shared by the entire industry is fair and intelligent settlement of claims and losses. The contract and the manner in which it is sold demands it, and unless it is discharged by all of the companies, the whole industry shares to some extent in the consequences.

Many companies meet the obligation of settling claims and losses with justice, sometimes with more than contract justice, and do it in a way to create enduring gratitude in insured. But there are insurers that pay losses grudgingly or in part only, no matter what the circumstances.

Here is a case in point. Mr. X, the owner of a business, was involved in an accident which resulted in damage to his car. Even the property damage insurer admitted liability. That company told Mr. X to take his car to the Blank garage and send in the bill. Mr. X followed instructions. The company refused to pay, and kept on refusing. Its position, based on an inspector's report, was that the work could have been done for \$23 less. Mr. X was outraged. He was in a position to express his natural resentment and the insured brought a suit for his claim. There are other similar examples, except that ordinarily a P.D. insurer does not specify the garage.

The public can't understand why, when the auto owner who is obviously not at fault has damages which the insurance contract of the other car owner clearly obligates his insurer to pay, the latter will not pay the full amount due.

Some companies simply will not pay that amount. Several follow the practice of paying only 50%. They can be jacked up if brought to the door of a court room, but prior to that point they raise the question of liability, or question the amount, or stall on the excuse they haven't had opportunity to inspect the car.

One casualty insurance company owned a car which was parked when insured of Blank Ins. Co. ran into it.

There was no question of liability, but the attorney representing Blank Ins. Co. said he would settle for no more than half of the damages. The damages were excessive, he said. The representative of the other insurer asked if there were not at least full faith and credit within the business. Only after exertion of the utmost pressure was the first insurer able to collect. Perhaps an ordinary P. D. claimant would have no more difficulty than this, but it is hard to believe so.

In cases involving taxis and buses insurers offer 25 cents on the dollar. If taken to court, they offer 50 cents.

Personal injury cases are treated with more respect; they are more susceptible to being built up to big figures—property damage claims have a definite and demonstrable total. Lawyers say the New York City Board of Transportation does a much better job, even than companies that make honest settlements, of investigating claims promptly and settling them fairly. That organization not only is fair, attorneys say, it is efficient as well.

Among the causes of poor claim handling are the lack of enough P. D. so that almost every insurer in many cases adopts the practice of putting the least trained men on P. D. claims. Yet it is on auto P. D. that insurers have the most frequent chance to do a good public relations job. These claims are numerous; there are hundreds of them to every B. I. claim. And a person, interestingly enough, thinks just as much (possibly more) of his money lost through P. D. as B. I.

Insurers with the best grade of personnel do the best job with P. D. claims. They have fewer litigated cases, which are always expensive; they get quicker, firmer settlements. This approach is as inexpensive as the other, perhaps more so, in the long run.

Too few front office executives have any idea how their own claim departments, across the country, are run. They might find it interesting to check.

this same problem at the end of 1949. Profits are rising, although they have been very low or negligible for several years, and insurers' management always has an honest and laudible desire to have on hand as many reserves as may be needed in case of heavy losses or catastrophe.

The business faced a similar problem several years ago, both in the residence

burglary and outside theft policy, which was broadened without cutting rates, and the dwelling policy, which was extended without appreciable rate changes. As the economy changed with the war, the public found itself with a bargain, and the insurers with a headache. The dilemma is the same with FDIC, increase protection or reduce rates.

Redistribution of Work

When C. I. D. Moore was vice-president of Pacific Mutual Life he wrote a column that was widely followed and that contained many messages of lasting validity. He brought out at one time a point that has particular significance at this time when he suggested that what was needed was a redistribution of work. He was referring to the doctrine of re-

distribution of wealth.

In ordinary times, everyone who wants to work and has a heart for it should find a job, he said. He should have an opportunity to earn his living. As Mr. Moore pointed out, "The trouble is that everybody wants the wealth but only a minority of us really want to work."

PERSONAL SIDE OF THE BUSINESS

Charles W. Rogers, assistant manager of the Pacific Coast department of Fire Association, is planning an extensive agency trip in the Pacific northwest and Alaska. He will attend the grand nest meeting of Blue Goose at Seattle Aug. 23-26, and then will be on hand for the Washington agents' meeting there Aug. 28-30. He also will take in the Oregon meeting at Portland Sept. 1-3.

F. M. Gund, western department manager of Crum & Forster, has returned to his desk after an operation for a cataract condition in one eye. The treatment was entirely successful and Mr. Gund's vision has been restored. He had been bothered by the cataract for about 15 years.

Charles R. Fischer, former Iowa insurance commissioner, has been named executive secretary of the state governmental reorganization commission. This was created by the recent state legislature to draft recommendations on consolidation and reorganization of state departments and boards for the next general assembly.

Earl Woodard of the Woodard-Hemphill agency, president of Wichita Assn. of Insurance Agents, is recuperating from a prolonged illness.

Harman Flanagan, San Antonio, special agent of National Union Fire, who has been disabled as the result of a broken leg for 18 months, is now able to spend a few hours at his desk, although he still goes on crutches and is not yet able to resume field work.

latter year resigned to become a partner in Pownall, Taylor & Hays. His principal interest outside insurance was in the Boy Scout movement. He received the Silver Beaver award.

Frank A. Krehla, 84, retired Milwaukee general agent for Twin City Fire and Citizens, died there after a long illness. He helped organize United American Fire of Milwaukee and was its secretary until it merged with Twin City Fire in 1912.

Mrs. Julia Craycroft Wharton, 76, died at Lebanon, Ky. Her husband, Gabe C. Wharton, is a local agent at Springfield, Ky., and her son, John C. Wharton, state agent for Crum & Forester at Lexington, Ky.

Gordon R. Manning, 45, claims manager of Reserve of Chicago, died at his home at Glen Ellyn, Ill., of a heart attack. Mr. Manning was formerly middle west claims manager for Preferred Accident before joining Reserve last May.

Charles Stephens, who retired in 1945 as Montana state agent for Crum & Forster, died of a heart attack at a hospital at Billings. He was stricken while at his cabin on the west Gallatin. His age was 74. He was born at Streetsville, Ont., and was with a bank there before going to Minneapolis in 1915 to enter the insurance business. He went to Billings in 1925 with Crum & Forster. He was a life member of the Montana Blue Goose.

Paul A. Hadley, an insurance broker for 30 years, died at his home in Syracuse. He had been associated for the last 15 years with Raleigh & Munna, Inc. and prior to that was with Bruns Co.

James O. Dunkin, 82, of the Colonial agency, died at his home in Louisville. He was formerly a field representative of Ohio Casualty.

Irving J. Peet, 64, manager at Fargo for Fire Underwriters Inspection Bureau, died at the home of a friend. He had planned to retire this fall. Mr. Peet was born in Battle Creek, Mich., and

Government Insurance Dilemma

It is interesting to note that the government as an insurer is facing a problem familiar to the professional insurance business. Federal Deposit Insurance Corp., which collects a "premium" of 1/12 of 1% a year on checking and savings account deposits, has accumulated the terrific reserve of \$1,065,000,000

Naturally there are calls for suspension of the assessment on banks and/or an increase in the \$5,000 insurance on each bank account to \$10,000 or \$15,000.

FDIC officials say the reserve might not be big enough if there were a real depression. The fire and casualty insurance business may have a mild dose of

DEATHS

Victor R. Taylor, 54, a partner in the Pownall, Taylor & Hays agency, Portland, Ore., died there. He went to Portland in 1919 following service in France during the first world war. He was a graduate of the Aetna Casualty school. Mr. Taylor was with Bates, Lively & Pearson from 1920 to 1940 and in the

for Fire Underwriters Inspection Bureau, died at the home of a friend. He had planned to retire this fall. Mr. Peet was born in Battle Creek, Mich., and

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moved to Minneapolis as a young man. He joined the Inspection Bureau in 1916 and moved to Fargo as manager in 1925. He was a past officer of the Dakota Pond of Blue Goose.

John N. Lewis of Colorado Springs, who had been well known in the insurance business for a period of many years, died at his home after a long illness. He had a fall at Longmont, Colo., in December, 1947, when engaged in making an inspection for the Cashman & Evans general agency of Denver and suffered injuries from which he never recovered. He was born at Pocahontas, Ark., and started in the insurance business with R. H. M. Mills & Sons at Pine Bluff, Ark. For 20 years he was Arkansas-Oklahoma state agent for National Liberty, then was with Patillo & Myers, the Dallas organization, as field man in Texas, Kansas and Oklahoma. He traveled in Colorado, Wyoming and New Mexico for Cashman & Evans and had been a resident of Colorado Springs since 1932.

F. H. Jones, Jr., assistant chief engineer of Southeastern Underwriters Assn., died at Atlanta. He had been 30 years with the organization.

Walter W. Nitsche, 46, chief statistician for Millers Mutual Fire of Alton, Ill., died of a heart attack while on his job in the office. Mr. Nitsche had been with the company for 26 years.

George H. Day, 63, a compensation adjuster for Employers Liability, died at his home in Buffalo. He had been with Employers for 20 years, and before that had been with Ocean Insurance.

Charles M. Holbert, 67, well known banker and insurance agent at Twin Bridges, Mont., died of a heart attack just three days after the death of Mrs. Holbert. He was for many years chairman of the rural agents committee of Montana Assn. of Insurance Agents.

Revamp Los Angeles School Plan. Increase Coverage

LOS ANGELES — Los Angeles board of education has increased the fire and extended coverage insurance on its properties to \$125 million, written in blanket policies by four companies, from \$88 million written in more than 1,800 policies.

The board named Cosgrove & Co. and Allen T. Archer Co., both of Los Angeles, joint brokers of record. The coverage is written in Continental, Fidelity-Phoenix, North River and United States Fire. Each company will issue a policy for \$31,250,000.

The five-year rate per \$100 is \$.378, as compared with \$.63 heretofore; the premium cost to the board for five years

is \$472,500, compared with \$600,000. The coverage is written with a 100% average clause as against generally 70% under the old plan. With both plans the district carries 17% self-insurance. Under the old plan the district was insured approximately 58% to value, while under the new it will be 83%.

The existing insurance, which expires one-fifth each year, 1949 to 1953, will continue to cover, as primary insurance on losses up to 70% to value, and the new policies will cover losses in excess of 70%. As the existing insurance expires, the coverage will automatically be absorbed in the new blanket policies.

Heretofore, a committee from Insurance Exchange of Los Angeles handled the insurance and distributed the commissions.

Tentative Setup for Minn. Agents' Meeting Announced

DULUTH, MINN.—Duluth Underwriters Assn. host to the annual meeting of Minnesota Assn. of Insurance Agents Sept. 30-Oct. 1, has named on the entertainment committee John D. MacArthur of Marsh & McLennan, president of the local board; George W. Blomgren, executive secretary of the state association; George W. Detert, executive secretary of the Duluth association; Bob McGee and Paul Otis, Jr., of Marsh & McLennan, Duluth; Bob Ledingham of R. G. Ledingham Co., Duluth; Jesse D. Bradley of MacGregor-Bradley Co., Duluth, president of the state association, and James Fisher of Dunning & Dunning, Duluth.

Duluth Insurance Women's Assn. is cooperating in providing entertainment for the women with Miss Lillian Moe of Dunning & Dunning and Miss Mary Kincaid of the Firmine agency as co-chairmen.

A luncheon is planned for the opening day with Charles P. Butler, executive vice-president of the National association, speaking at the first session. The business meeting will follow, with election of officers and their installation at a banquet that evening.

Speaker Saturday morning will be Fred C. Crowell, Jr., editor "Insurance Field." He will be followed by a "stump the experts" panel, which proved so popular at the mid-year meeting. Members of the panel will be fire, casualty, surety, and inland marine field men and an adjuster. A Duluth local agent will act as moderator.

Gov. Driscoll to Address New Jersey Agents' Meeting

Gov. Driscoll of New Jersey will address New Jersey Assn. of Insurance Agents at the opening of its meeting at Haddon Hall, Atlantic City, Sept. 15-16. An educational forum will be held and officers elected during the two-day meeting. More than half of the 1,200 association members are expected to attend.

Engelbrecht Secretary

Lincoln D. Engelbrecht has been elected secretary-treasurer of Mutual Ins. Co. of Frederick county, Md., upon the retirement of Miss Katie Seeger, who was secretary and who had been with the company almost 30 years. Miss Nora E. Thomas has been elected assistant secretary and William M. Moore, assistant treasurer.

Open L. A. Insurance Library

A branch insurance library has been opened at Los Angeles and a committee to plan insurance study has been appointed under the auspices of Fire Underwriters Assn. of the Pacific. The library is located in the offices of the Pacific Board.

The committee for insurance study is headed by Marshall Rankin, Aetna group. Other committee members are Don E. Walker, Phoenix of Hartford; Karl F. Glassbrenner, Glens Falls; Roy O. Elmore, Hartford Fire, and V. W. McKinney, America Fore.



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HAPPENED AFTER
I TOOK OUT PLATE
GLASS INSURANCE



DECISION

YOU CAN HELP YOUR PROSPECTS MAKE

- 1- UNINSURED, I shopped around for hours among jobbers trying to get the lowest price on a replacement.
- 2- I went without a window over-night.
- 3- I had to purchase lumber and hire laborers to board up the window until the glass arrived.
- 4- I could have purchased a plate glass policy and enjoyed the convenience for a lot less than it cost me in time and effort.

- 1- INSURED, I notified the company and got a window replacement within a few hours.
- 2- Insurance companies are the largest buyers of glass and don't have to shop around for the lowest bid.
- 3- I was advised an emergency crew would arrive to make temporary accommodations if it was too late in the day for a glass replacement.
- 4- I got my money's worth . . . and more.

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Valuable Casualty Presentations Given to W. Va. Agents

Bokman, Potter, Luecke and O'Connor Forum Participants

WHITE SULPHUR SPRINGS, W. VA.—The opening session of the 50th anniversary meeting of West Virginia Assn. of Insurance Agents here Monday morning featured three talks on casualty subjects and hit a high note of interest. C. H. Bokman, Pittsburgh, resident vice-president of New Amsterdam Casualty, acted as moderator.

F. W. Potter, Hartford, field supervisor of Aetna Casualty, led off with a talk on sales ideas, followed by E. H. Luecke, New York, production supervisor Fidelity & Casualty, on the comprehensive dishonesty, disappearance and destruction policy. J. C. O'Connor, Cincinnati, editor "Fire, Casualty & Surety Bulletins" and associate editor THE NATIONAL UNDERWRITER, closed the session with a discussion of automobile medical payments insurance.

Make Selling Easy

A common mistake in insurance selling, Mr. Potter said, is to make the sale and the explanation more complicated than necessary. He cited examples such as an agent bringing a complicated comprehensive liability questionnaire to the owner of a small jewelry store and asking him if he had any toboggan slides, ski tows, industrial villages, etc. In contrast, many agents have been successful in selling simple personal coverages, such as comprehensive personal liability insurance, residence and outside theft coverage and dwelling fire insurance with a casual "by the way" approach. This cannot be done with large lines, but practice with the simple coverages will make the larger ones come easier.

Mr. Potter spoke strongly for the use of circulars on simple personal coverages, mailed with a brief handwritten note, and followed by a phone call or personal solicitation. Very effective results have been obtained by getting the office girls to make the followup phone calls, particularly if a small premium is offered the girls for making sales. Mr. Potter mentioned one case in which the agent offered each girl a day off if she made a certain number of sales, but had to rescind the offer because they sold so many he would have had no one to do the work. He also told of an agent who did not even send out the circulars. This agent phoned prospects, asked if they had gotten the circular and found them so interested they bought after he explained coverage. Mr. Potter said that he now quotes \$100,000 liability and \$1,000 medical payments limits for the comprehensive personal liability policy, because this works out to an even \$20 for one year and \$50 for three years, is easy to quote and has such high limits that no competitor can criticize them.

Giving the prospect a "vote" was also strongly urged by Mr. Potter. By this he meant making him take the responsibility for refusing to buy coverage. For example, if the prospect objects to the product liability charge for comprehensive coverage, he suggested marking it "not wanted" and asking the prospect to initial it. But be sure to have an

(CONTINUED ON PAGE 27)

Bar Group Program Ready

Full Card for St. Louis Sessions September 4-9

The program has now been completed for the insurance law section of American Bar Assn. in St. Louis Sept. 4-9. Henry W. Nichols, vice-president and general counsel of National Surety, is chairman.

A luncheon and business meeting Sept. 4 at the Hotel Jefferson will precede the first general meeting the afternoon of Sept. 5. Mr. Nichols will open the session, and Superintendent Jackson of Missouri will welcome the attorneys. Thomas Watters, Jr., New York City attorney, will respond. Senator James P. Kem of Missouri will speak, and Mary Donlon, chairman New York State Workmen's Compensation Board, will discuss "Non-occupational Disability Benefits."

H. & A. Law Breakfast

On Sept. 6 a breakfast will be sponsored by committees on health and accident insurance law and life insurance law at the Hotel Jefferson. Round tables then get under way.

The round table on health and accident law, with F. Roland Allaben, Grand Rapids, chairman, will feature Raymond J. Wetterlund, Washington National, on "Claims Problems in the H. & A. Field," and one on life insurance law, with Tom Leeming, Chicago, as chairman, will have Harrison J. Clapp, Massachusetts Mutual, on "Life Insurance and Estate Planning."

Walter A. Mansfield, Detroit, is chairman of the fidelity and surety round table, at which Harold W. Rudolph, counsel of Seaboard Surety, will discuss "The Domination Issue in Contract Suretyship Cases," and Leo T. Wolford, Louisville, "Liability of Public Officers for Acts of Deputies, Subordinates and Employees." R. N. Caverly, vice-president of the America Fore group, will preside over the automobile round table, where Robert S. Lindsey, Little Rock, will talk on "Payment Problems Under Loss Payable Provisions;" Donald W. Kramer, Binghamton, N. Y., "The Role of the Casualty Insurance Company in Automobile Casualty Litigation—Open or Concealed," and James B. Donovan, general counsel of the National Bureau of Casualty Underwriters, "Standard Provisions for Casualty Policies."

Aviation Discussions

William J. Junkerman, New York, will talk on "Violations of Civil Air Regulations as Evidence of Negligence or Willful Misconduct in Trial of Actions for Damages in Personal Injury and Death Actions;" Richard S. Maurer, general counsel, Chicago & Southern Air Lines, Memphis, "Aviation Negligence Law from the Viewpoint of the Airline Counsel;" and James Hoskins, Travelers, "Aviation and Life Insurance" at the aviation round table of which Stanley C. Morris, Charleston, W. Va., will be chairman.

W. K. Lloyd, vice-president of Maryland Casualty, will discuss "The Claim Man and His Lawyer" at the casualty round table, where H. Beale Rollins, Baltimore, will be chairman. C. A. Des Champs, American-Associated, will discuss "Recovery for Injury Without Impact." W. D. Pierson, Oklahoma City, will act as chairman of the session on workmen's compensation and employers' liability, where John R. Dixon, St. Louis, will talk on "Rehabilitation of Injured Employees."

Homer H. Berger, Kansas City, will preside over the fire round table, and T. G. Lowry, Chicago, will speak on

Banks Increase Bond Amounts

Changed Conditions Plus 3-Year Frequency Stimulate Increases

NEW YORK—As banks over the country have renewed their blanket bonds this year a great many have increased the general limits and quite a number has raised the limits on forgery, according to surety men.

One large company estimates that at least half of the banks on renewal are making some increase in amounts. Another company active in this field places the number roughly at three out of five.

One reason for adjusting bonds is that conditions that bear on the hazard they cover have altered considerably in the past three years. Approximately 80 to 85% of all bonds in the bank field, it is estimated, are now on the three year term.

Conscious of Greater Exposure

In the past three years both deposits and assets of banks have increased substantially, which has tended to make bank management conscious of the greater exposure. There has been a great increase in checking accounts in the last three years. In addition, of course, American Bankers Assn. has emphasized the need for adequate protection, the sureties themselves have sought to drive home the need of greater protection for greater exposure, and the newspaper stories of embezzlements have alerted bank operators to the ever present danger of employee dishonesty. Forgeries have become more frequent, and banks are conscious of it.

When bonds were on an annual term, there was less disposition to change on renewal; in many instances the bond amount remained pretty well fixed for

(CONTINUED ON PAGE 27)

"Legal Aspects of Salvage." The marine and inland marine session will have E. G. Dobrin, Seattle, as chairman, with Thomas J. Healy, Mendes & Mount, New York, discussing "The Concealment of a Material Fact in Effecting Inland Marine Insurance."

The final round table is on regulation of insurers, and Cecil C. Fraizer, general counsel of H. & A. Underwriters Conference, is chairman. Robert S. Morris, Chicago, will treat "Meaning of the Term 'Regulated by State Law' in the Public Law 15." Forrest A. Betts, Los Angeles, is chairman of the insurance law practice and procedure session. Speakers are James L. Focht, Jr., San Diego, "Present Developments to the Law under the Federal Court Claims Act" and W. Lee Shield, American Life Convention, "Administrative Aspects of Insurance Regulation Under Public Law 15."

600 Expected at Reception

The reception at which the insurance section acts as host will occur the evening of Sept. 6, and more than 600 are expected to attend. Then there will be the annual banquet at the Hotel Statler.

At the final session Sept. 7, Mr. Nichols will preside and Commissioner Allyn of Connecticut is down for "The Connecticut Commissioner Comments." David S. Butler, former West Virginia insurance commissioner and now with the Lee C. Paull agency at Wheeling, will talk on "Perils to the Democratic Process." Election and adjournment follow.

The section now has approximately 4,000 members, and in its 15 years it has published more than 350 technical papers on insurance.

Tells How to Take Advantage of Pa. Multiple Line Law

Effective Date Sept. 1—Requirements for Domestic Companies Outlined

HARRISBURG — Domestic insurers must amend their charters before engaging in multiple-line underwriting in Pennsylvania, Attorney General Chidsey has ruled. Under 1949 legislation the multiple-line policy becomes legal Sept. 1. Foreign companies may engage in this type of underwriting "if their charters permit."

Mutuals "must comply with the financial requirements" of their existing governing laws to expand to multiple-line business.

Even where charter changes are not needed, the commissioner may require "evidence of the approval of the stockholders or members of any radical or organic change in the lines of insurance business to be transacted."

Charter Powers Question

"It is unlikely," the opinion declared, "that the charter of any domestic fire or casualty insurance company would be sufficiently broad to authorize such company to write the multiple lines... because any charter powers to write insurance of a class different from the class for which the company was incorporated would have been beyond the scope of the corporation laws of this commonwealth."

"On the other hand, it would not be unusual for a casualty insurance company to possess charter powers broad enough to write all 13 fields of casualty coverage, even though the company actually transacts only a few kinds of such insurance. In such a case, it would be necessary to amend the charter of the casualty company only if it wished to transact fire insurance."

"... We conclude that it is necessary for any casualty insurance company to amend its charter before it may engage in the business of fire insurance; similarly, the charter of a fire insurance company must be amended before it may engage in the business of casualty insurance."

Such an amendment, the opinion pointed out, requires the approval of two-thirds of the stockholders or members of the corporation as a prerequisite to a fundamental change in the corporate charter.

The attorney general warned that the multiple-line law "cannot be construed as automatically amending the charters of fire or casualty companies."

"It may be noted parenthetically that foreign insurance companies may transact multiple lines of insurance in Pennsylvania only 'if their charters permit.' Further, the new law does not apply to any domestic insurance companies incorporated prior to Oct. 13, 1857, which have not accepted the provisions of the insurance company law of 1921, or are not subject thereto."

J. W. Walker, president of Postal Life & Casualty, was at Washington last week in his capacity as president of Third Class Mail Users Assn., which is opposing proposed legislation to increase third-class postage rates. He saw Wendell Berge, counsel Assn. of Insurance Advertisers, of which Mr. Walker is a member, regarding mail order problems.

Continental Is Deluged with Polio Applications

The spectacular entrance of Continental Casualty into the polio insurance field this summer has caused a big stir in insurance circles, while the public has been especially well informed as to the nature of the new policy through articles in newspapers and in leading magazines such as "Time" and "Business Week."

Continental already has written more than \$1 million in premiums on individual polio policies at an average price of \$9 per policy, and expects to wind up the year with a premium volume in excess of \$3 million. On Monday of this week the company received

approximately 25,000 applications at the home office. This figure does not include applications being processed at branch offices.

Polio insurance has had a relatively limited sale and market until this year. Texas has been the principal territory for the coverage. A number of domestic companies have put out one year policies providing \$5,000 in benefits and have had a fairly extensive sale during the epidemic months. The other companies in the field also have had boom periods, generally confined to epidemic areas, but lacking the tremendous fanfare that accompanied the Continental Casualty policy, they have regarded polio insurance as more or less of an insignificant sideline.

The Continental policy providing coverage at \$10 for an entire family for two years with \$5,000 in benefits payable over a three-year term, and with no waiting period, has caught the fancy

of the agents and the public. The policy that has been sold by most companies provides for \$5,000 in coverage for a one year term with a \$10 premium, and there is generally a waiting period of from seven days to two weeks.

Continental Casualty has sold polio insurance as a rider to its regular policies for about two years. The experience thus gained has served as a base for the form now being offered, although the popularity the new policy has achieved has thrown off all calculations and the company will now have to wait at least two years to determine the experience. Claims are being received every day at an average amount well below the \$5,000 maximum. Only when a case is serious and requires extended treatment does the policyholder run up to the benefit limits.

Door Opener for Other Business

Agents of Continental have reported that the new coverage is a big help in gaining additional business. Without using any pressure they are able to sell the polio coverage, and that serves as a door-opener for other forms of personal insurance. Many hundreds of new accounts have been opened using polio as a starter.

The incidence of polio has been higher than normal this year and the daily newspapers have done an effective job of frightening the public by reporting each case at it occurs, showing the number of cases in the aggregate and comparing that figure with other years, writing scare headlines when beaches are closed or theaters and schools are shut down, etc. The Continental Casualty advertising has been restricted to announcing that polio insurance is available. When this advertising is put in a newspaper and the reader discovers on the other pages that polio is considered worse than the red menace or the bubonic plague, housewives are quick to needle their husbands into getting a policy.

Continental has received letters from leading insurance agencies commending them for bringing out the policy and adding parenthetically that the agency hopes to have increased dealings with the Continental.

Apps Pour In At N. Y.

The New York office of Continental Casualty has received approximately 10,000 applications for its polio insurance policy in about three weeks. The polio epidemic in New York City, while considered mild in relation to the number of people in the metropolitan area, is getting daily publicity. Continental Casualty underwriters are struggling to catch up with the work.

Mohr Heads Auto Division of Indiana Ins. Co.

Charles E. Mohr has been appointed manager and chief underwriter of the automobile department of Indiana Ins. Co., succeeding Miss Hazel Peacock. He started in 1934 at the head office of Trinity Universal. After six years in the home office he traveled in Indiana and Ohio, and became Indiana manager in 1941. Three years ago he became casualty manager of a large general agency in Louisiana. It is from this position that he is returning to Indianapolis.

Miss Peacock is an assistant secretary of the company and has been with it since 1922. She will assume other duties. She is one of the best known insurance women in the state.

No Committee in Cal.

It was stated in the August 4 issue of THE NATIONAL UNDERWRITER that five members of the insurance industry are to serve on a committee to advise Commissioner Downey under the new disability minimum benefits bill in California. The committee was provided for in the original draft of the bill, but that section was omitted before the bill was passed.

81 Insurers Blast Motor Club Stand on Cal. Auto Plan

In support of the attempt on the part of Commissioner Downey of California to compel California State Automobile Assn. Inter-insurance Bureau to participate in the automobile assigned risk plan, 81 insurers have filed a brief with the San Francisco court of appeals. The reciprocal was refused a writ in superior court to compel the insurance department to continue its license despite a suspension order for refusal to comply with the assigned risk law and the case was appealed by the insurer. This company contends that it is obliged to provide coverage to members only.

The 81 companies are the members of American Mutual Alliance, Assn. of Casualty & Surety Companies and 17 others. It states that these companies know they have a major public service duty in providing this type of insurance. They joined in a common method to provide the means with which the public can obtain the insurance even though a peculiarly high degree of hazard is involved and for individual risks of a type that are questionable under usual and normal underwriting standards. This program is now under attack and the companies say they owe a duty to the public to preserve the arrangement so that the substandard risk will not go without insurance. If California State Auto prevails, according to the brief, the ultimate result may well be the destruction of the program.

Mandatory Since 1947

The assigned risk plan in California was voluntary until it was made mandatory by legislative enactment in 1947 following the refusal of California State Auto to take part in it. According to the brief, the legislature realized that if one company could effectively obtain the benefits of writing the insurance without accepting the burdens of underwriting the substandard risk, it would be only a question of time until other companies would do likewise and the assigned risk plan would fail. The legislature provided that the commissioner would have the power to prevent a company from continuing in business unless it agreed to accept the burdens arising from the assigned risk plan. The brief points out that California State Auto asked the legislature to relieve it from the burdens of the plan and failing that it unsuccessfully sought to have a special provision "covering what petitioner deems its problem" written into the plan. The reciprocal now turns to this court, it is declared, in a further effort to retain its advantage, knowing that should it succeed in annulling the order of suspension, the effectiveness of the plan will be substantially destroyed and the public greatly prejudiced thereby.

California State Auto, according to the brief, is taking an anomalous position inasmuch as it has opposed the plan, but supported legislation for improved financial responsibility. The point is made that motor clubs in other parts of the country that operate reciprocals are cooperating fully with the assigned risk plans in their states.

Ohio Winners Are Feted

More than 100 employees of the Farm Bureau companies of Ohio, who sat for recent insurance actuarial, Life Office Management Assn. and Insurance Institute of America examinations were honored at a dinner at Columbus.

Among those present was Arthur Griswold, associate life actuary, who recently became a fellow of Society of Actuaries.

Chief speaker at the dinner was Murray D. Lincoln, president of the firms. Herbert E. Evans, personnel director, also spoke briefly. E. S. Jones, head of the planning department, was toastmaster, and J. G. Charles, director of training, presented the award winners.

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"You may be right, Ed. But taking a young fellow like Foster into your agency seems like quite a gamble to me. Why, I'll bet it'll be two or three years before he can even pull his own weight."



"That's where you're wrong, Tom. The way Aetna trains 'em, they get a whale of a head start. As a matter of fact, Foster's already producing a diversified volume, and though I probably shouldn't admit it, right now he knows more about the modern forms of insurance than I do. You know, Tom — lines like the 3-D, Valuable Papers, Accounts Receivable, the Public Official Blanket Bonds, and the Comprehensive Liability covers."

"But Ed, you and I know it takes lots more than book learning to make a good insurance man."



"Sure it does — and Aetna knows it too. That's why their Course is different. All the emphasis is on the practical application of insurance — there is nothing long-haired about it — it is right down-to-earth all along the line."

"That makes good sense, Ed. But if the Aetna Course makes such a ball of fire out of a fellow, pretty soon he'll check out on you and set up shop for himself."



"Not when you work it right, Tom. We older men can always offer a young fellow plenty of help from our personal experience. If Foster makes the kind of progress I think he will, I'll set things up so he can start getting an interest in the agency. That's going to mean a lot to him, and eventually if I want to slow down or retire, he will be in a position to take over."

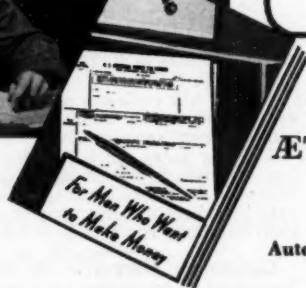
"Say, maybe you're not off the beam after all, Ed. It still seems to me there must be some catch, but I think I'll ask Aetna to send me all the facts."



"Now you're talking, Tom. When you've had a chance to go over all the angles, I know you're going to say that for men with agencies like ours, it's the smartest possible thing to do."



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To bring promising men of high caliber into going insurance agencies... to give intensive instruction in the practical knowledge, sound sales techniques and high ethical standards of the business — these are the aims of Aetna's Casualty and Surety Sales Course.

- There have been 105 sessions of the Course which is in its 17th year. There is nothing experimental about it.
- Over 3500 have been enrolled — more than ever attended any other resident course in general insurance instruction anywhere in the United States.
- Since the end of the War, 1001 men have completed this Course.
- Its graduates include men from 46 States and Hawaii.
- The average age of men attending the Course is 29.7 years.
- The Course is fully recognized by the U. S. Veterans Administration, and veterans are eligible for benefits under the G. I. Bill of Rights while they are in Hartford.
- After finishing the Course, on-the-job-training benefits can usually be arranged for veterans.
- The instruction is handled by men with many years of field experience in practical insurance selling.
- Graduates of the Course are now operating all over the country. Many of them rank among the most successful insurance agents in America today.

Send for this valuable booklet!

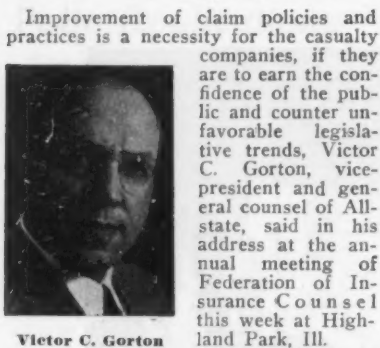
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HARTFORD 15, CONNECTICUT

Improved Claim Practices Key to Public Confidence: Gorton



Victor C. Gorton

Improvement of claim policies and practices is a necessity for the casualty companies, if they are to earn the confidence of the public and counter unfavorable legislative trends, Victor C. Gorton, vice-president and general counsel of Allstate, said in his address at the annual meeting of Federation of Insurance Counsel this week at Highland Park, Ill.

The tendency in the past to relegate the casualty claim organization to the rear, Mr. Gorton stated has left a poor legacy for those companies that are possessed of a high sense of responsibility in top management and are seeking to make their legal and claim organization the spearhead of the business. In the earlier days of the casualty business the apparently limited future furnished little attraction to most attorneys of ability. Accordingly, men of mediocre ability

and little vision and inspiration too often were used to perform the company's contractual obligations. Management intent on profits for the short term had a quality of claim personnel which neither merited nor received the confidence of the public. The companies today that are looking for leadership and a high quality in their claim personnel thus have a doubly difficult task.

Still Some Cleaning Up to Do

Although a good job of housecleaning has been done, it is still necessary for companies to show that the quality of their claim function today is not actually in accord with what the public has thought of it. This will take shock troops trained to high efficiency, policy makers, strategists and administrators in legal and claim work. Behind this quality there must be an esprit de corps among the members of each casualty claim organization.

The industry lags in cooperation among the claim departments in their inter-company relations, Mr. Gorton charged. Sales competition should not interfere with proper claim processing, but it does. He said the entire casualty business needs to work together to

present a united front of high claim policy and practice. To the public the companies are all apples in the same barrel and are tarred with the same stick of public opinion.

Must Attract Career Men

Ambitious young men must be convinced of the advantages of career jobs in casualty claim work. Mr. Gorton suggested the setting up of plans for the future growth of claim departments in standing and status to prove career possibilities. This should be a major program of management.

Sales volume and good reputation earned by conscientious claim practices will be important in convincing greater segments of the business that the claim functions can be of outstanding value to the industry. Mr. Gorton declared that through the legal and claim departments, the casualty business may be brought to its highest potential plane of standing and consequently to its largest profit-making capacity. He predicted that as management comes to recognize the importance to the policyholders of the legal and claim function, companies will move rapidly to establish those departments in equal standing with the sales and other major function of the business.

Future Possibilities Bright

The trend today is for the casualty claim departments to be managed by men of high calibre and character. Future possibilities are brighter as management is becoming convinced that the business cannot be successfully conducted otherwise.

If the service of the casualty company measures up to the advertising representation made of it, the business will have assumed a new outlook and a new approach, Mr. Gorton said. In order that that be made apparent to the public, he said it will be necessary that advertising statements are not exaggerated out of proportion to the claim department's ability to deliver. Further, where advertising has been fairly made, the legal and claim departments must be furnished with broad authority and responsibility sufficient to fulfill the promise.

Because the character of the business in the eyes of the public will be largely determined by the character of the persons who deal with it, claim personnel must have a "service" objective. The minimum requirement is efficiency and equitable disposition of every claim reported. The day-to-day work of the legal and claim departments thus will be of the professional kind and on this basis the approach to the public will be so well delineated that there will be a demand that private enterprise continue to furnish insurance services.

Mr. Gorton warned that if the casualty claim function does not emphasize the service objective there will be a definite disintegration in the foundations of the business. This could be a rapid process, he declared, since the public is not as adverse as one might think to having government take over.

Set Va. Hearing on Rate Raise for Long-Haul Trucks

RICHMOND—A proposal to revise insurance rates upward for long-haul truckers will be considered by Virginia corporation commission here Oct. 18.

The proposal of National Bureau of Casualty Underwriters and National Casualty Insurance Rating Bureau calls for an increase in B. I. rates of 11% and 66% for P. D.

It also will review a new nation-wide system of rating zones, reducing the number from seven to four.

Liability rates for purely local trucking companies and moving vans likewise will be considered. A proposal to rate long-haul moving vans at 15% less than long-haul truckers is on the agenda.

Consumers Mutual of St. Paul has purchased a one-story building at 2300 University avenue, which it will remodel for its general offices.

Await Promulgation by FTC of Mail Order Rules

WASHINGTON — The record of the hearing held this summer before the federal trade commission on proposed trade practice rules for the mail order insurance industry has been under consideration by FTC staff officials. Also there have been many suggestions concerning the rules coming from insurance interests and perhaps others not appearing at the hearing.

Some FTC officials after studying the proposed rules, have submitted suggestions for clarifying some of their provisions, and softening up others because of administrative difficulties that might develop with respect to certain provisions.

Meanwhile, FTC people have asked cooperation of U. S. Chamber of Commerce in obtaining full information regarding state anti-coercion laws and state appropriations for their insurance departments.

Public law 15 stipulates that coercion in insurance is not exempt from the anti-trust laws, along with boycotting and intimidation. That law also recognizes the right of the states, in general, to regulate insurance.

The mail order rules case, after full consideration by FTC staff members and attorneys, will be submitted to members of the commission, with a redraft of the proposed rules, for their approval or modification before official promulgation. This latter may be announced some time after Labor Day, observers believe.

Wendell Berge, counsel for Assn. of Insurance Advertisers, has filed a brief with FTC discussing trade practice problems and provisions of the proposed rules. In general, the brief follows along the line of the presentation made by Mr. Berge at the public hearing on the rules.

License Results Under Cal. Training Law Reviewed

SAN FRANCISCO—Since adoption of the new provision of the California insurance code, requiring that life and disability companies set up "approved" training and instruction courses for agents, there has been a steady improvement in the number that have passed the rigid California license examinations, Commissioner Downey states.

In a report of the first year under the new law ending June 30 the commissioner presents a compilation to show how applicants have fared.

There were 28 life companies with 100% records of applicants who qualified; 16 whose applicants were 90 to 100% successful and 17 with between 80 and 90%. The rest trailed, with the statement showing that none of the applicants of seven companies passed.

In the limited number of companies listed for "disability only" licenses there were eight with all applicants passing. The others ranged from 78% down to zero.

He admonished companies with poor records—although they have approved courses—to review their training, personnel and the applicants themselves.

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Dividend Issue Features Informer's \$1½ Million Suit

An informer suit has been filed against Continental Can Co. at Indianapolis for \$1½ million, charging that Continental Can did not give the government, under cost-plus-contracts, credit for policy dividends received from mutual companies in calculating the cost of the contracts. The informer is an insurance agent, Brettelle K. Elgin, of Indianapolis. The suit charges that in 1942, Continental Can contracted with the government to build and operate the Vigo ordnance plant in Vigo county, Ind., on a cost-plus 10% basis. The government was to pay workmen's compensation and liability insurance premiums. According to the suit the initial premiums were \$1½ million, but Continental Can received refunds totaling about \$300,000 which it is alleged it did not credit to the government's account.

It is charged that Continental Can executed false claims and statements to obtain payment from the government on the insurance premiums. The suit asks judgment of \$650,000 as forfeiture of the premium reimbursement as well as double damages suffered by the government as a result of the fraud that is alleged. The action on behalf of Mr. Elgin asks judgment totaling \$850,000 on the same account. It is alleged that the \$300,000 refund was on account of the Vigo plant alone and that there was \$770,000 in refunds on other projects. The payments were received from Liberty Mutual, according to the suit.

If the attorney general instructs the district attorney to handle the case, Mr. Elgin in event of successful prosecution, would be entitled to 10% of any damages that are awarded, but if the government decides to allow Mr. Elgin to carry on the case alone, he may get 25% of the damages.

Claim Men Have Strong Program at Annual Meeting

NEW YORK—The program of the annual meeting of International Claim Assn. at Sagamore hotel, Bolton Landing, Lake George, N. Y., Sept. 19-21, has been completed. More than 300 advance registrations already have been received, far more than usual, so that a record crowd is expected. William N. Hutchison, New York Life, is president, and Francis X. Reilly, Guardian Life, program chairman.

Speakers include Superintendent Dineen of New York, who will discuss what the insurance department looks for in claim departments during examinations; Maj. Gen. Carl R. Gray, Jr., administrator of veterans affairs, veterans administration; John C. Higdon, president of Business Men's Assurance, on A. & H.; R. Leighton Foster, general counsel of Canadian Life Officers Assn.; Dr. Edwin G. Dewis, medical director of Prudential and president of Assn. of Life Insurance Medical Directors, and John Marshall Holcombe, Jr., managing director of Life Agency Management Assn.

Hospitals Leave St. Louis Plan

Eleven southern Illinois hospitals, reportedly have withdrawn from the St. Louis Blue Cross plan, and a number of them have affiliated with the Illinois Plan for Hospital Care (Blue Cross).

The two organizations have been competing for subscribers in southern Illinois, particularly in the East St. Louis area.

Only recently the Illinois attorney-general ruled that if the St. Louis plan continues to operate in Illinois, it must be licensed.

Illinois Plan for Hospital Care has announced that it will open an office shortly in East St. Louis.



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Retail Credit Names Dowd at Chicago, Loysen at Phila., Fisher at Baltimore

Retail Credit Co. has transferred W. G. Dowd, formerly manager at Philadelphia, to Chicago as manager. He was manager at Philadelphia for two years, Cincinnati manager for six years and before that was manager at

Atlanta, and in New York City as manager of the special claims department.

Mr. Dowd succeeds E. J. Fisher, who has been transferred to Baltimore as manager, succeeding Edward Loysen, who took over Mr. Dowd's post at Philadelphia.

N. A. Welhoelter, special agent at Kansas City for Michigan Mutual Liability, is leaving to enter the local agency business at Houston.

Latest A. & H. Standard Provisions Draft Lauded

A clearcut comparison of the latest proposals for revising A. & H. standard provisions with the existing pattern was given by John P. Hanna, associate managing director of H. & A. Underwriters Conference before Federation of Insurance Counsel at Highland Park, Ill., Monday. This latest draft, he observed, will be discussed by the commissioners A. & H. committee at a meeting at Chicago this fall. Many insurance people, he said, believe that this draft should be accepted and that further substantial changes might alienate support for the bill in many states.

The old "in the words and in the order" requirement has been abandoned. The proposed bill adopts the "in substance" approach which is general for life insurance and group A. & H. The required and optional provisions set forth in the law may be included in the policy in substance or, at the option of the insurer, corresponding provisions which are more favorable to the policyholder. Provisions inapplicable to or inconsistent with the coverage provided by a particular form of policy may be omitted or modified. Besides allowing clearer and more logical policy drafting, this approach will allow individual companies to experiment with policy provisions more favorable to policyholders.

Reinstatement Provision

Old standard provision three covered reinstatement of policies where there had been a default in the payment of premium. It stated in effect that the subsequent acceptance of the premium by the insurer or its duly authorized agent would reinstate the policy but only to cover accidental injury thereafter sustained and sickness beginning more than 10 days after the acceptance date. The new law provides in addition that a conditional receipt when given for the premium has the effect of a binder in the event of subsequent approval of the reinstatement application. It also provides that any reinstatement premium shall not be applied to any period more than 60 days prior to the reinstatement date. In the latter case, as in several other required or optional policy provisions throughout the law, the industry seriously contended that such provisions might be appropriately included in the administrative sections of the law but that it need not be printed in the policy. Those were some of the compromises made by the industry.

The old law requires notice of claim for sickness within 10 days and for accident within 20 days. The company may require immediate notice in event of accidental death. The new law allows 20 days in all cases. The company also may require notice of continuance of disability, but not more than once in each 90 days. This would be helpful in discovering and investigating false or fraudulent claims.

Proofs of loss are now required by the company within 90 days. The proposed law would extend this period for an additional year where it was not reasonably possible to give proof within such time.

Time for Payment

Old standard provision nine required payments other than those for loss of time to be made within 60 days after receipt of due proof. The new law requires immediate payment. Old provision 10 provided that at least one half of accrued indemnity for loss of time must be paid at the expiration of each 60 day period. Under the new law, all accrued indemnity must be paid not less frequently than monthly.

Standard provision 11 relative to payment of claims is liberalized to allow, at the insurer's option, a provision for facility of payment in amounts not to exceed \$1,000. This would result in improved claim service by eliminating the expense and delay caused by the ap-

pointment of an executor or administrator for the sole purpose of collecting relatively small amounts of policy benefits. Also, the policy may provide that at the written direction of the insured, payment may be made directly to the hospital or person furnishing hospital, nursing, medical or surgical services. This will be a substantial aid in policies having a medical society endorsement where the society has fixed benefit schedules to be accepted in full payment for services rendered by participating doctors.

At present no legal action to recover on a policy may be brought more than two years after the time that proof of loss is required to be furnished. The new law extends this time to three years. With the additional year allowed for filing proofs of loss in some cases, it would mean that the time for bringing suit might be as long as four years and 90 days.

New Principle Introduced

Also, substantial additional protection to claimants is afforded by two new required provisions not found in the present law. A new principle is introduced the "time limits on certain defenses" or so-called incontestable clause. After three years from the date of issue of the policy, no claim can be denied on the basis of misstatements in the application or because any infirmity or condition existed or originated prior to the date of issue of the policy. This provision probably has been the most controversial of any in the entire proposed law. Many of those who favor the principle of such a clause are not satisfied with the wording of the present draft. There will be more incentive for dishonest applicants to attempt to obtain insurance because they can benefit directly. In the case of life insurance, the applicant's beneficiary is benefitted. At the same time, much more A. & H. insurance is sold without the benefit of a medical examination for the consideration of the underwriter. This provision appears in the June 28 draft in the following form: "(a) After three years from the date of issue of this policy, no misstatements, except fraudulent misstatements, made by the applicant in the application for such policy shall be used to void the policy or to deny a claim for loss incurred or disability (as defined in the policy) commencing after the expiration of such three year period. (This paragraph shall not be so construed as to limit the application of Section 3 (B), (1), (2), (3) and (4) in the event of misstatement with respect to age or occupation or other insurance.)

"A policy which the insured has the right to continue in force by the timely payment of premium until at least age 50 or for at least five years from its date of issue, whichever is longer, may contain the following provision under the caption 'Incontestable' in lieu of the foregoing: After this policy has been in force for a period of three years, (without the occurrence of any loss covered by the policy), it shall become incontestable as to the statements contained in the application. (The clause in parentheses may be omitted at the insurer's option.)

"(b) No claim for loss incurred or disability (as defined in the policy) commencing after three years from the date of issue of this policy shall be reduced or denied on the ground that a named condition or disease not specifically excluded from the coverage had existed prior to the effective date of coverage of this policy."

The second new provision requires that the policyholder be granted a grace period for the payment of premium during which period the insurance will continue in force, unless the insurer has given advance notice of its intention not

(CONTINUED ON PAGE 28)

Our Advice To Property Owners

ANYWHERE • ANY TIME ALL THE TIME

"What you need is a competent broker or agent who not only knows insurance contracts, but also knows his way around in the insurance markets. Such an expert can relate your insurance to current economic conditions and set up a program to meet your own special requirements." (from an Atlantic newspaper advertisement)

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ACCIDENT AND HEALTH

Ponder Problems Involved in Cal. Hospital UCD Plan

The tacking on to the UCD benefits in California of 12 days' hospitalization at \$8 a day is giving companies interested in hospitalization insurance much concern. Blue Cross undoubtedly has the largest stake in the situation and this might be a very serious blow to it unless some supplementary plan is developed whereunder, for instance, the Blue Cross benefits might start on the 13th day. Other insurers in the group field would be affected to the extent that they are interested in the hospitalization line, but their situation is more flexible since they are in a position to provide all of the group coverages and if they have been insuring hospitalization along with the old UCD benefits, there would probably be no need for any change in their setup. However, it is possible that an employer that has had Blue Cross insurance for hospitalization on top of other group insurance would drop the Blue Cross and simply turn the hospitalization end of the contract over to its regular UCD insurer.

One innovation that is prompted by the UCD change in California, and that will probably be announced shortly, is a dependent-only hospitalization contract. This is being developed by a company that is not interested in the group business. It would be intended for those that are covered under the UCD law, but have additional A. & H. insurance, on an individual basis, and who might be disposed to drop their individual hospitalization cover in view of the fact that they are getting certain protection under UCD.

Outline Tentative Program of Bureau Annual Meeting

The annual meeting of the Bureau of A. & H. Underwriters at Highland Park, Ill., Oct. 10-12 will feature addresses by an outstanding insurance commissioner on the increasing regulatory problems facing the business; by a company medical director, discussing changes in underwriting procedures made possible by advancements in medical science, and a discussion of the problems of insurers in providing insurance under state disability laws. The underwriting forum will be directed by Merle J. Thompson, Standard Accident.

Neil J. Brown, Hartford Accident, is chairman of the annual meeting committee. This committee is being aided by a Chicago committee headed by Alfred B. Hvale, Continental Casualty.

New Group Sales Manager

Canada Health & Accident has appointed J. L. Wingfelder sales manager of the group division. After four years' war service in the merchant marine, he

joined Canada H. & A. as a field man at Toronto. He was transferred to the home office and eventually became registrar.

Osteopathy and Dental Surgery Covered in Pa.

HARRISBURG—Commissioner Malone of Pennsylvania, has approved extension of Group Medical Service to doctors of osteopathy and dental surgeons.

The action was taken at the request of Medical Service Assn. of Pennsylvania to provide additional benefits to Blue Shield subscribers.

Extension of the group service was enabled by 1949 legislation sponsored by the insurance department. There is no increase in premium cost for members.

The additional benefits are surgical, obstetrical, and osteopathic services provided by doctors or osteopathy participating with the Blue Shield plan; also dental services requiring a surgical operation in a hospital for treatment of a disease or injury, which services are provided by a doctor of dental surgery who is a hospital staff member participating with the plan. Dental services will not include the extraction or care of teeth although the extraction of an impacted tooth is included.

Consider New Cal. Exams

LOS ANGELES—The industry committee on life and A. & H. insurance named by Commissioner Downey to advise in preparation of a new manual and examination questions for applicants for licenses held a two-day meeting at Santa Barbara to consider changes that had been suggested.

The committee consists of Kellogg Van Winkle, Equitable Society; William E. Leiby, Massachusetts Indemnity, and Vice-president W. M. Rothaermel, Pacific Mutual Life, all of Los Angeles; Arnold D. Brow, Metropolitan Life, and Edward E. Keller, Reliance Life, both of San Francisco.

Rockwood Back from Europe

Homer G. Rockwood, vice-president of United of Chicago has returned to his desk after several weeks vacation in Europe, having visited England, France, Italy, Austria and Switzerland, returning home by air from Zurich via London.

He reports that general conditions in England are not good, food closely rationed and many out of work. France is recovering rapidly, and Italy doing better than some other countries, while Switzerland seemed to be quite prosperous.

Tenn. Mail Order Warning

NASHVILLE — Currey Sanders, Tennessee deputy commissioner, has issued a warning against buying the "mail order" type of insurance against polio. He warned of the difficulty of collecting a claim against a company not licensed in the state. "Such policies may look

good but have been found to be not so good on close examination," he said.

National Accident & Health of Philadelphia this month is conducting a campaign for producers of monthly premium and commercial A. & H. A variety of prizes will be awarded to the agents for premium volume of new paid for business computed on a monthly basis.

M. F. McDonald, local agent, has been appointed municipal judge at Ortonville, Minn., by Gov. Youngdahl.

CHANGES

Hewitt Joins Hartford as Special Agent at Fresno

John W. Hewitt, Jr., has been appointed special agent for Hartford Accident, handling fidelity and surety business in the San Joaquin Valley service office at Fresno, Cal. He succeeds V. J. Fortune, who resigned to enter the local agency field.

Before joining Hartford, Mr. Hewitt

... and where there is money, there are bound to be liability suits.

Farmers not only are enjoying big incomes, but they have larger equities at stake in their farms. The widespread use of mechanized equipment means greater exposures, and good roads and more automobiles encourage business and personal calls on their premises. It will pay you to make a systematic check on farmers and sell them the new Zurich-American farmers' liability policy.

Farm earning figures are still high. Farmers have the money to pay for the adequate liability coverage they need. Your Zurich-American field man will be glad to help you capitalize on this favorable market.

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"Anchor's The Way M'Boys—Anchor's The Way"

Short and sweet is Anchor's motto when you make application for a bond on one of their simplified forms.

I always stand between you and a personal injury suit in cases like this when you have an Anchor Comprehensive Liability Policy.

Personal embarrassment is better than financial embarrassment. It doesn't pay to sign a personal bond especially when it is so easy to get an Anchor Bond.

ANCHOR CASUALTY COMPANY
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was with the Standard Accident, except for five years in the navy.

Shift Tri-State Adjusters

Robert E. Dumont, Topeka, adjuster for Tri-State of Tulsa, has been transferred to Ada, Okla. L. W. Melone

of Tulsa has been assigned to Topeka and will have his office with the Neil L. Toedman agency.

Shay Joins Mass. Bonding

Leland C. Shay, former casualty manager for Hinchman, Rolph & Landis at

San Francisco, has assumed his new duties as manager of the Northern California branch office of the Massachusetts Bonding.

Methot Quebec Chief

Louis A. Methot of Montreal has been placed in charge of agency field work and production for Maryland Casualty in Quebec province. He formerly was with Globe Indemnity and General of Paris.

Alley to Pittsburgh Post

Crosby Alley, for three years sales manager for American Mutual Liability at Green Bay, Wis., will become regional sales manager for the Atlantic division at Pittsburgh Aug. 13. He will be succeeded at Green Bay by O. L. Larson of Minneapolis.

MacLean to Honolulu

J. C. MacLean on Sept. 1 will join Bonding & Insurance Agency of Honolulu as manager of the casualty department. The firm is general agent in the Hawaiian Islands for U. S. F. & G.

Mr. MacLean for the past eight years has been with Marsh & McLennan at San Francisco.

Hartford A.&I. Ups Rominger

Hartford Accident has appointed Ralph R. Rominger head of its new claim office at Colorado Springs. He has been with the company as an adjuster in that area since he joined the company in 1947. He is a graduate of University of Denver.

American Cas. Names Baumann

American Casualty has appointed Richard G. Baumann as special agent in western Pennsylvania. Mr. Baumann has had experience as an underwriter and more recently in agency work.

SURETY

Big Dam Contracts Total More Than \$30 Million

Guy F. Atkinson Co., Ostrander Construction Co. and J. A. Jones Construction Co., San Francisco, jointly have been awarded the contract for the construction work at the McNary Dam near Umatilla, Ore. at \$15,835,539. Fidelity & Deposit and Aetna Casualty will execute the bond.

Peter Kiewit Sons Co. and Morrison-Knudson Co. were low bidders for work on the Garrison dam and reservoir near Riverdale, N. D., with \$14,937,830. Aetna Casualty and Fidelity & Deposit were on the bid bond.

Wunderlick Contracting Co., Omaha, was low bidder at \$4,787,874 for construction work on the Colorado-Big Thompson project near Loveland, Colo. National Surety is on the bid bond.

Ben C. Gerwig, San Francisco, and George Pollock, Sacramento, joint bidders, were low, \$3,091,806, for construction of an outfall sewer at Oakland, Cal. U. S. F. & G. is on the bid bond.

Md. Cas. Originates N. Y. Bonds of \$44,224,577

Maryland Casualty has written contract bonds on four separate contracts totaling \$44,224,577. The bonds, written for New York City board of water supply, cover the construction of 25 miles of East Delaware tunnel, a part of the Delaware aqueduct which is to supply New York City with water.

The Lucy McNiece general agency is interested.

Contractors are Walsh Construction Co., New York; B. Perini & Sons, Farmington, Mass., with the Henry J. Kaiser companies holding a minority interest.

Mrs. Florence Craig has taken over the titles, Kan. agency of her late husband, W. N. Craig.

Senate Probe of State W. C. Benefits Suggested

WASHINGTON — Senator Robertson, Virginia, at a hearing before the Senate banking committee on the economic power of labor unions, suggested that a congressional investigation into state workmen's compensation laws might be in order, if facts and figures submitted by Miss Josephine Roche were verified. Miss Roche, a former assistant secretary of the Treasury and now director of the United Mine Workers' welfare and retirement fund, had testified that injured miners receive monthly benefits of only \$6 to \$15 under state laws.

Robertson differed with her, saying he understood benefits under state laws were higher. Involved in the problem raised by Miss Roche also were social security and unemployment compensation benefits. Robertson said he had helped write the social security law, which also covers unemployment, and that benefits are or should be higher than Miss Roche indicated.

He suggested complete statistics should be furnished to the committee on benefits under state laws and social security, so that it would be assisted in reaching conclusions as to the sufficiency of benefits and the necessity of investigation or legislation. The UMW welfare fund supplements such benefits by paying allowances to UMW members for health and accident, hospitalization, medical care, disability, family support, pensions, etc.

Progress on Strike Insurer

LOS ANGELES — Commissioner Downey has issued to Management Underwriters, Inc., attorney-in-fact for the proposed Management Interinsurance Exchange, a second amendment to its permit to solicit memberships covering changes in its form of operations to conform to reinsurance treaties, commitments for which have been secured.

The exchange proposes to write insurance against losses due to strikes. It is understood that a well-known Pacific Coast actuarial firm has prepared a tentative rate schedule for the new coverage, based not on actual experience, but on statistics as to man-days lost, losses to employers, and other labor facts taken from governmental and civic organization compilations.

Lauds Solons



Hugh H. Murray, Jr. of Raleigh, N. C. (left) president of National Assn. of Mutual Insurance Agents, is here shown congratulating U. S. Senator J. E. Murray of Montana on the action of the Senate Labor subcommittee which he heads, in abandoning the overall national health program in favor of legislation to aid medical personnel schooling and aiding in construction of hospital facilities. Looking on is U. S. Senator Claude Pepper of Florida. Hugh Murray in June, in appearances before congressional committees, urged the committee to take the action that it did.

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Casualty Talks in West Virginia

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eraser on your pencil, Mr. Potter said, because nine times out of ten the prospect will change his mind when confronted with the decision.

Mr. Luecke said that the comprehensive 3 D policy may well be called the "three duty" contract, because an agent has three duties to sell it—to himself, to his prospect and to his companies. He said that in his early days in handling bankers blanket bonds for banks he was often asked by bank officials if there were not a similar contract for mercantile or manufacturing business in which the bankers or their relatives were interested. The 3 D policy is now just that. It can be sold in any community. Mr. Luecke cited a field man in average territory who, by following storekeepers burglary expirations, sold 53 new contracts, 49 of which were to firms who previously did not carry any fidelity insurance.

Don't Talk Newness

It is a mistake, Mr. Luecke said, to refer to the 3 D policy as a new contract. It is now eight years old and the average person does not react well to something brand new. While a minority of people will buy something just because it is new, the majority, in Mr. Luecke's opinion, are better attracted by something established and standard. He suggested telling prospects it is substantially the same coverage as that which banks have bought routinely for years. An excellent prospect list, he said, is the roll of directors of any bank where the agent is known. He suggested

asking the bank president about these directors and their firms and asking permission to tell them that the bank carries insurance similar to what the agent is offering them. Even if the agent does not write the bank's insurance, Mr. Luecke said, a banker will seldom object to this approach.

Because fidelity insurance is so little and so inadequately carried, Mr. Luecke said that this is usually the best opening to a 3 D solicitation. Some agents have been successful bringing in a racing tip sheet and getting the prospect to talk about the alarming increase in gambling. He cited a recent \$47,000 loss, in which a class C employee, an almost illiterate watchman, connived with a junk dealer to carry away countless loads of valuable alloy scrap by covering each load with a fine layer of steel shavings, to which anyone was welcome. Mr. Luecke also urged against letting a prospect take the 50% forgery premium reduction for eliminating coverage against forgery by employees. The records of every company, he said, show that nearly all really serious embezzlements involve some forgery, so that insured needs this protection as excess fidelity cover.

Mr. O'Connor reviewed the history of medical payments coverage, with its gradual spread almost throughout the liability insurance business and the reduction of exclusions. He discussed some technical questions of coverage and interpretation and urged suggesting it with drive other cars coverage for any children of insured old enough to drive. There is some demand, he said, for this protection for children below driving age who may be driven by others, such as small children being driven to school in car pools. While there is no manual rule against writing drive other cars coverage for these children, in practice almost any underwriter would be suspicious and the total liability and medical payments premium seems high for the exposure. He said it is likely there will be developments along these lines. He also said there is much interest in extending medical payments to cover pedestrians and occupants of other cars, as an offset to the agitation for state automobile compensation funds. Mr. O'Connor said he hopes this is done before the agents of some other states lose their automobile business, as they did lose workmen's compensation in some states.

Faust to San Francisco, O'Brien in Chicago Post

W. K. Faust has now arrived at San Francisco to take up his new position as superintendent of the San Francisco claims division of Indemnity of North America. He has been the claims manager at Chicago and he is succeeded in that position by E. T. O'Brien, who has been assistant manager there since 1945.

Mr. Faust attended Temple university and went with North America in the home office claim department in 1929. He later became compensation claims manager in the Philadelphia local office, and then was sent to Albany in 1936 as superintendent of claims. He went to Chicago in 1943 as claims manager and completed his law studies on his own time at Kent college of law, and in May of this year was admitted to the Illinois bar.

Mr. O'Brien started with Indemnity of North America at Chicago 11 years ago, and then had a period of home office experience. He was a navy lieutenant during the war.

Burglar Alarm Strike Off

A threatened strike of 650 members of local 3 of the International Brotherhood of Electrical Workers, A.F.L., against the Holmes Electric Protective Co., which handles most of the burglary alarm systems in New York City, has been temporarily called off. The office of the mayor is attempting to avoid a strike, which, it is estimated, would affect about 17,000 business establishments.

Banks Increasing Amount of Bonds

(CONTINUED FROM PAGE 19)

years. But with the lapse of three years, the need for a thorough checkup is more obvious. As a matter of fact, the sureties say that some of the bonds on renewal after three years almost require a survey of the entire situation. But of course the important thing is that conditions in the past three years have undergone some unusual changes.

It is still necessary, however, the surety companies comment, for them to put before the banks and the producers the specific suggestions and arguments for an adjustment in the bond in particular respects, in readily digestible form. In other words, increasing the bond is not automatic by any means. The ground-work has to be laid ahead of renewal time, and this is being done by most sureties. One convincing point in effecting bond increases is the fact that the coverage may be enlarged say by as much as 50% for an outlay as little as 20%. This is an impressive point with bank management.

Sureties do not believe that they or their producers are likely to oversell banks. It is necessary to keep at the

problem, continue to call attention of banks to the need for somewhat higher limits, and so on in order to move gradually in the direction of greater adequacy. One effective stimulant to the purchase of additional limits is when word gets around the banking fraternity that one of the big banks has added substantially to its coverage. For example, one of the very largest banks not long ago bought an addition to its bond of a couple of million or so. This was followed by inquiries from other banks and subsequent increasing of their bond amounts.

The companies report that in a number of cases banks have increased their coverage from \$150,000 to \$200,000 or \$250,000.

When the three year term at a discount first went into effect, the bankers bonds all came up for servicing at one time. Quite a bit of effort had to be expended by surety personnel to get the policies spaced out in time so that they could be properly serviced. This now has been pretty well completed. Not all of the bonds fall in one part of the year and not all in one year. One surety branch had 90% of its business coming in 45 days, on the first anniversary of the three year term procedure. It did a lot of scrambling around to get the business spaced out.

WANT ADS

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Automobile, Casualty and General Liability. You must have home office experience and be completely familiar with rates, coverages, office record systems, files, etc.

A small, sound, fast growing Ohio company. Please give age, education and experience. Salary open. Our employees know of this ad. Address V-52, c/o National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

Experienced Fidelity and Surety man between the ages of 30 and 40 for a responsible position with full underwriting and production knowledge of both classes of bonds to develop and produce these types of business. Excellent opportunity for man with right background and production qualifications.

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Well established agency writing half million in volume desires general agency contract for State of Nebraska for casualty lines. Address V-54, c/o National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

EXPERIENCED BRANCH MANAGER OR SPECIAL AGENT to manage our Kansas City office. Must have working knowledge of automobile and workmen's compensation coverages. Write to Michigan Mutual Liability Company, 342 Lindell Boulevard, St. Louis 8, Mo., for appointment at either St. Louis or Kansas City.

WANTED CASUALTY UNDERWRITER

Experienced all lines for Chicago Office. Good opportunity for advancement. American Surety Company, 433 Insurance Exchange, Chicago, Illinois.

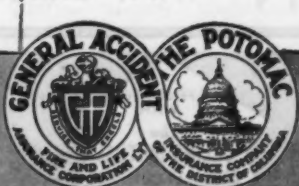


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A. & H. Standard Provisions Reviewed

(CONTINUED FROM PAGE 24)

to renew. The grace period varies from seven to 30 days, depending on the method of premium payment.

Equally important changes have been made in the optional provisions. Such provisions need not be included in the policy unless the company wishes to have provisions respecting the subject matter, usually for its added protection in certain contracts. When the company wishes to be protected from the possibility of the insured changing to a more hazardous occupation, or from his doing anything pertaining to such occupation, the insured must be doing such work for compensation in order for the proration of indemnity clause to be operative. In the event that the insured changes to a less hazardous occupation, the old law required the company to cancel the policy and return the unearned premium if the insured so requests. The new law also requires that the company reduce the premium rate and return the excess unearned premium.

Present standard provision 16 allows the insurer to cancel the policy at any time by returning the unearned premium with the notice of cancellation. Under the proposed law, the insured also would have the right of cancellation if that right is retained by the company. In the event of cancellation by the company advance notice of not less than five days must be given to the insured.

Old standard provision 15 provided that any time limitation of the policy respecting notice of claim or proof of loss is extended to agree with the minimum limitation allowed by the state where the insured resided at the time the policy was issued. The new law is broadened to amend all policy provisions to agree with the statutes of the state in which the insured resided at the date of issue.

Old standard provision 20 provided that the insurer could set minimum and maximum age limits for coverage. Any premium paid to the insurer for any period not covered by the policy should be returned to the insured. The courts of a majority of the states have held that this provision does not mean what it says. If a company accepts premium after the age limit is reached, the insurance is in effect and the company is liable under the terms of the policy until such time as it returns the unearned premium. By the same token, the insured cannot obtain a refund of premiums paid subsequent to his attainment of the age limit stated in the policy

after such premiums have been earned by the insurer. The new law takes a more realistic view. If the policy contains a provision establishing an age or date after which coverage will not be effective and if the insurer accepts premium for a period after such age or date, the coverage will continue in force, subject to any right of cancellation, until the end of the period for which premium has been accepted.

The proposed law contains four new optional provisions concerning subjects not covered under the old law. The policy may provide that if the age of the insured has been misstated, contract benefits shall be such as the premium paid would have purchased at the correct age. This provision appears in principle in some states, including New York, and may be required because of the trend toward premium rates which vary with age.

Earnings and Insurance

A provision to control the relation of earnings to insurance may be used in non-cancellable policies only. It is more liberal to the insured than the ones enacted in a few states now. It will operate to restrict total monthly loss of time benefits to the largest of the following three amounts: monthly earnings at the time disability commenced, average monthly earnings for two years prior to disability or \$200. In a period of declining economy, over-insurance may present a real moral hazard, especially in the case of non-cancellable policies.

If the company desires to except from coverage losses caused by illegal or criminal acts of the insured, the provision must be at least as favorable to the insured as excepting liability for any loss caused by the insured's commission of or attempt to commit a felony or being engaged in an illegal occupation. This precludes the insurer from defeating otherwise valid claims by strict interpretation of a general violation of law provision to include, for example, traffic violations.

The final new provision deals with any exclusion for loss caused by intoxicants or narcotics unless administered on the advice of a physician. Its purpose is to assure, where such an exclusion from coverage is used, that it will be clear and unambiguous.

The remaining sections of the new law consist of general administrative provisions usually found in present state statutes. They are included in order to make the law a complete package for

states that need such legislation. Since these sections do not affect policy provision requirements, their uniform adoption by all of the states is not of vital importance.

This bill, he said, constitutes one of the greatest forward steps since 1911 in setting forth better standards of claim settlement and better accident and health policies.

Blue Goose to Contribute to Mich. Agents' Entertainment

GRAND RAPIDS — Members of Michigan Blue Goose will provide special entertainment features during the reception highlighting "Forbes Day" at the annual of Michigan Assn. of Insurance Agents here Sept. 27.

Arranging this entertainment program are Denley I. Priest, Underwriters Adjusting, Grand Rapids, most loyal gander; William Schreiber, National Union, guardian; F. R. Grosvenor, Fidelity & Guaranty, supervisor; Gunnar Erickson, Royal - Liverpool; Samuel Gray, New York Underwriters, and Leon J. McVoy, Grand Rapids local agent and state association vice-president.

The sextet promises some "surprises" in its program, which will precede the banquet. Following the banquet, a five-act floor show is to be presented, sponsored by Wolverine of Lansing.

Switzerland Gen'l Appointment

The Louis Rosenthal agency, Pacific Coast manager for Switzerland General, has appointed Coast Underwriters, Ltd., Vancouver, B.C., as general agents for fire insurance in Washington and Oregon.

New Officers for Ohio Agency

Following the death of S. D. Reichelberger, Chillicothe, O., local agent, Norma F. Reichelderfer has been elected president of the agency; John L. Nickerson, vice-president; Ada Von Kennel, secretary. The name of the agency will not be changed.

Insurance Golf Club of Cincinnati will hold its next outing at Cloverbrook Club Aug. 16, with luncheon at 12:30 and play starting at 1:30. R. F. Folz is chairman of the day.

The Simes agency at Covington, O., has been sold by Jane Simes Kauffman to Forrest V. Miller.

The Frank A. Pearson agency at Lebanon, Mo., has been purchased by Fred H. Mueller.

The Carlson & Friday agency at Osceola, Ia., has purchased the P. E. Garst agency at Truro, Ia.

Analyze Trends in Group Medical

NEW YORK—The paper on group medical expense insurance by Morton D. Miller, Equitable Society, read at a previous meeting, developed several interesting points at the Actuarial Society of America meeting here.

D. W. Pettengill, Aetna Life, emphasized the necessity of eliminating first visits from such plans and cited the adverse experience of his company in writing contracts that cover first visits. Mr. Pettengill believes that the business is on the way to finding a sound system of underwriting and administering group medical.

Metropolitan Life's Experience

In-hospital protection is a natural insurance coverage, W. S. Thomas, Metropolitan Life, said. However, 1947-1948 experience shows that the claim ratio increases by duration. Claim costs will, he believes, increase under both employee and dependent coverages as persons insured for medical expense understand the nature and scope of the coverages. He enumerated the problems of the new field of medical expense insurance as: The contingency involved is not subject to accurate forecast; the contingency is in large measure subject to control of the insured; the cost to insure in most cases is not substantial, and the benefit does not make adequate provision for the extraordinary case requiring services of specialist or consultant.

Average Claim Payments

Edward A. Green, 2nd vice-president, John Hancock, gave experience of his company, stressing that while loss ratios appear favorable the small claims involved require a higher proportion of the premium for administrative expenses. The average medical expense claim payment for all their plans was \$17 as contrasted with \$110 for accident and sickness weekly indemnity benefits, \$95 for hospital and \$65 for surgical benefits. He also pointed out the underwriting advantages of a plan incorporating an element of coinsurance through exclusion of early visits or a benefit level lower than local doctor's charges.

Joins National Surety

G. C. Gustafson has joined National Surety at Chicago in charge of the surety department. Mr. Gustafson has been with Hartford Accident at Chicago for 6½ years.

Managers Meet at Cincinnati

More than 100 sales managers, claim managers and department heads attended a two-day conference at Cincinnati of Manufacturers & Merchants Indemnity. E. J. Stoddard, vice-president and general manager, reported that premium volume for the year is substantially ahead of 1948. Joseph B. Hall, president, and Donald M. Wood, Chicago, a director, were among those on the program.

Gerber Resumes Practice

Joseph S. Gerber has resigned as an examiner and attorney in the license division of the Illinois department and has resumed the private practice of law at 100 West Monroe street, Chicago. He will give much attention to insurance work. Mr. Gerber was with the department 8½ years and previously was a Chicago lawyer.

Robert G. Myers, general agent of Massachusetts Protective and Paul Revere Life, Cincinnati, made a hole-in-one on the California golf course near Cincinnati on the 148-yard 14th hole.

W. J. Jeffery, resident secretary at Chicago for U.S.F. & G., is enjoying a California vacation.

America Fore has moved its Kansas City field office from 916 Walnut street to new and larger quarters in the newly renovated Lathrop building.

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Selling R. & O. T. I. *Makes Money For You* and Provides Security for your Clients

Connecticut Indemnity agents are using two valuable selling helps on Residence and Outside Theft Insurance, and *both* have the agent's imprint. One is an attractive folder, including a simple application, called "Your Home Is on the Spot". The second is a new, colorful, illustrated letter that tells how broad the coverage is.

Connecticut Indemnity agents need only sign the letters, put both letters and folders in envelopes addressed to prospects, and follow them

up personally or by telephone. This procedure really gets results. We'll gladly send samples of these two mailing pieces to your agency — no cost or obligation.

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1841 — "Security," The Nation's Watchword — 1949



ARROWHEAD
The Home of
Herman Melville

 "A FINE old farmhouse, a mile from any other dwelling, and dipped to the eaves in foliage — surrounded by mountains, old woods and Indian pools — this surely is the place to write." That was Herman Melville's description of Arrowhead where he wrote "Moby Dick, or the White Whale," his major claim to immortality.

Melville's own life reads like fiction. After a poverty-stricken childhood he sailed as a cabin boy on a ship bound for Liverpool



Melville made inscriptions on his favorite fireplace

and later cruised the Pacific for many months on a whaler. When the captain's cruelty became intolerable, he jumped ship in the Marquesas and lived among friendly cannibals who made him a god. Then he worked in Tahiti and spent a year aboard a frigate.

The novels of the sea which Melville wrote on his return to this country imme-

diately achieved success, and he was hailed not only as the literary discoverer of the South Seas but as the first author to present a true picture of a whaler's life.

In 1847 he married Elizabeth Shaw and in 1850 bought a farm near Pittsfield, Massachusetts, which he called Arrowhead in memory of his whaling days. Here he happily settled down to writing and enjoying himself as an amateur farmer. The house, built in 1780, is still standing and is at present privately owned.

"Moby Dick," finished in 1851 and dedicated to his close friend Nathaniel Hawthorne, was Melville's swan song. Most of the literary reviews were unfavorable and the sales were poor. He was never again to experience his early popularity and lived to see his greatest work ignored, though the passing of time has brought full recognition to this masterpiece, hailed by modern

critics as "a great prose epic that has no equal in American literature."

Thereafter, the course of Melville's fortunes was downward. He lived a life of almost complete obscurity at Arrowhead and later in New York. The irony of the final phase of his career is illustrated by the comment of an English critic who wrote on his return from America that he had vainly

sought for "the one great writer fit to stand shoulder to shoulder with Whitman on that continent." And after Melville's death an editorial in *The New York Times* commented, "There has died in this city during the current week a man who is so lit-

tle known even by name that only one newspaper carried an obituary account, and this was but three or four lines ...Herman Melville, a teller of tales of the South Seas. . .



Author of "Moby Dick"

He has died an absolutely forgotten man."

This was the epitaph of Herman Melville, acclaimed by many of today's critics as America's most original author and one of the masters of English prose.

* * *

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